



Palestine Trade Centre



Market Study for the Kuwait for Processed Food

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 processed food products.

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





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1 Introduction

The Palestinian food industry has experienced export to Middle East, Europe, USA, Africa and Asia. Most of the Palestinian products are qualified for or have acquired already the necessary certifications of ISO versions and HACCP. 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, and the international HACCP, ISO 22000 standards.

The food industry has been employing more than 11,400 Palestinians. The sector is producing 120 different food commodities, These are: Meats, Vegetables (fresh and frozen), Oils and fats, Dairy, Flour mills, Animal feed, Chocolates and confectionaries, Spaghetti, Water and soft drinks and beverages, Chips and snacks and others

The food companies involved in this study are:

- 1 Alzaituna Company
- 2 PRESTIGE Company for Trade and Investment
- 3 Al-Hijaz Company
- 4 Palolea
- 5 AL Hammouri Food Products
- 6 Al- Hamoda Co for Food & Dairy Products
- 7 Mahamis Al-Maslamani
- 8 Al'Ard Palestinian Agri-Products - Anabtawi Group
- 9 Pure Palestine
- 10 West Bank Salt Company
- 11 ZETA Palestine Turkish Co
- 12 Haifa Co. for Agricultural Marketing
- 13 Euromed

1.1 Product description

The market research in this report focuses on processed food in general, which is a very broad category. Given the production of the companies that participated in the supply survey, we have focused our findings to the information applicable for the following products:

- Olive oil (HS code 1509)
- Freekeh (HS code 19049080)
- Couscous (Maftol, HS code 190240)
- Watermelon seeds (HS code 120770)
- Nuts (HS code 0802)
- Dates (HS code 080410)
- Cheeses (HS code 040610)
- Conserved/pickled vegetables (HS code 2001) and tomato paste (HS code 2103)



In order to give sufficient depth especially where it comes to a recommended market approach, we have grouped specific findings and written separate recommendations for each product category in paragraph 3.15.

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; 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.	Compiling information obtained from governments, custom 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's food industry is fuelled by domestic demand driven by rising incomes. Lower food inflation will further boost the spending power of the consumers. According to the BMI report, the food industry in Kuwait will experience string growth during 2015-2020. The food sales growth was forecasted to reach 6.2% in 2016 at a CAGR of 5.8% from 2015 to 2020.

The government of Kuwait is encouraging agricultural companies to invest in foreign countries that have a comparative advantage in producing certain crops and import their products back into Kuwait.

2.2 Distribution channels and import

Towards the consumer food & beverages are either sold through foodservice channels like restaurants and hotels, or through distributors and/or agent. Shopping malls with Hypermarkets are the most important distribution channels for both mass and premium products. Palestinian exporters can appoints different agents or distributors for each regions. Or appoint a master franchisor or distributor for the whole country.

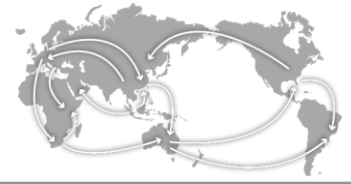
Palestinian customs started to refund the value of customs duties paid by Palestinian importers for goods subject to customs exemption under this Agreement, Palestinian traders enjoy duty free quota free access for all goods to and from all Arab countries in GAFTA¹.

2.3 Options to enter the market

With a large ethnic group in Kuwait has made the population relatively open for new food products, there is a strong trend for healthy, organic or even vegan products, and the origin of the food is an important aspect.

Palestinian food producers that have organic certification and that have products that can be easily linked to the Middle East (like olive oil or Zataar) can have a good chance in the Saudi market. However, packaging that is appealing for the Saudi public and storytelling around the product is highly important. Competing on price or competing with just efficiently packaged processed products will not work.

¹ https://www.paltrade.org/en_US/page/trade-agreements



2.4 Market entry recommendations

Based on the contacts that we had with potential buyers we see that some importers are open to new products. This openness is not a guarantee for closing a deal but can be a good start. However, this requires a good presentation of the companies and the products.

For those products that are new to the Kuwaiti market, it is important to invest in market development with advertisements, background stories, blogs and sampling. However, this process requires a local consultant who will be involved, as well as local designers and product managers.

Recommendation 1: help Palestinian exporters to position, package and present their products better.

For the Palestinian companies, it would be the most efficient to have a joint pavilion on one of the bigger trade fairs in Kuwait, preferably the (KIAFE) April 2019. This would also allow to invite the interested importers to see the products and learn more about the companies.

Recommendation 2: stimulate Palestinian exporters to attend one of these fairs together, with a joint pavilion.

There is the option to do an individual importer search. This allows for more intense interaction with an importer. However, this process requires a local consultant who will be involved for a longer period.

Recommendation 3: do individual importer searches where necessary.

It would be useful to make these products countrywide available on online Platforms. Souq is open for food products and offers local warehousing and fulfilment. If a product sells online, it will also be easier to convince potential importers.

As products won't sell automatically, even when placed on an e-commerce platform, also some marketing support is needed, e.g. writing recipes, doing sampling or general advertising.

Recommendation 4: facilitate online sales in Kuwait, and combine this with media publications.

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2.5 What Alliance experts can do for you

Recommendation 1: We can provide detailed market insights, packaging and positioning advice

We now know both the products and the market, and our local specialists can easily point out where the current packaging and positioning go wrong. We can advise your packaging designers, bringing in examples of what works well in the market, or consult with a designer in the target country. We can help reformulate your brand story, enhancing those aspects that are commercially important and can be the basis for a marketing campaign.

Recommendation 2: We can advise on how to present yourself at a trade fair and invite potential buyers to come to the Palestinian pavilion

Together with PalTrade and the participating companies in a trade fair we can advise how to best present Palestine and the products of the respective companies. With our current contacts with importers and distributors, we can also personally invite them to visit the Palestinian pavilion and let them meet with the most relevant companies. If necessary, we can also extend this invitation round to more companies. This is a limited extra investment that strongly will increase the yield of participating in the exhibition.

Recommendation 3: do individual partner searches

Alliance experts is specialised in selecting the right agent or distributor in the over 30 countries where we are active. We live there, work there, know the culture and speak the language. And we think from the perspective of the local distributor. This helps us to make connections and arrange appointments.

Based on your strategy for your market entry, we draft a partnering profile, describing your company and the type of partner that you are looking for. In parallel, we list a broad range of potential distributors or agents. We discuss this long-list with you, to see what type of companies you want to focus on. We then approach the companies with your profile in hand. We call them in the local language, get through to the right decision maker, and send your profile and follow-up to see whether he or she is interested in an appointment. Once we have a short-list of interested companies, we try to arrange meetings for you shortly after one another, so that you can come over and spend your time efficiently.

Recommendation 4: facilitate online sales in Kuwait, and combine this with media publications.

With our initiative <https://exporteers.online> we help companies to sell their products abroad on local e-commerce platforms. We set up a local company who is formally the seller, do the customer care and manage the fulfilment. The only thing you have to do is to ship your goods per box or pallet to a central warehouse from where the individual packages are shipped. Your goods remain your ownership up to the moment we have sold them to the customers. This way your products are easily available in the market. We will offer this service also in the KSA/Kuwait starting in 2019.

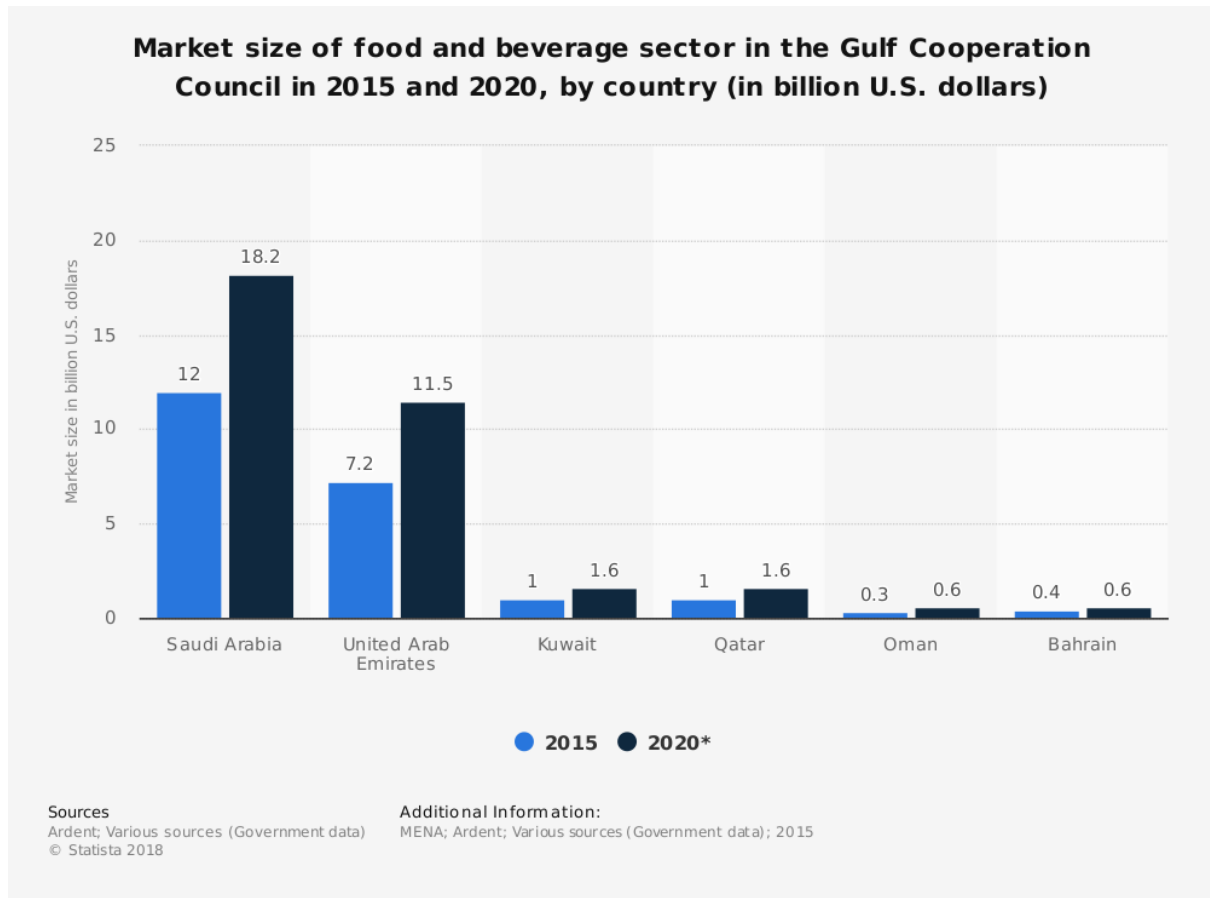


Having your products online does not guarantee sales. You also have to invest in marketing, and this is strongly dependent on the product. We help you get your product under the attention of blogger, we arrange Facebook postings and can manage your local online advertising. Once your product gets traction, it will also be easier to find a local distributor.



3 Import profile of the sector

3.1 Market size



This statistic describes the market size of food and beverage sector in the Gulf Cooperation Council in 2015 and 2020, by country. It is forecasted that the market size of the food and beverage sector in Kuwait will grow from 1 billion U.S. dollars in 2015 to 1.6 billion U.S. dollars in 2020.

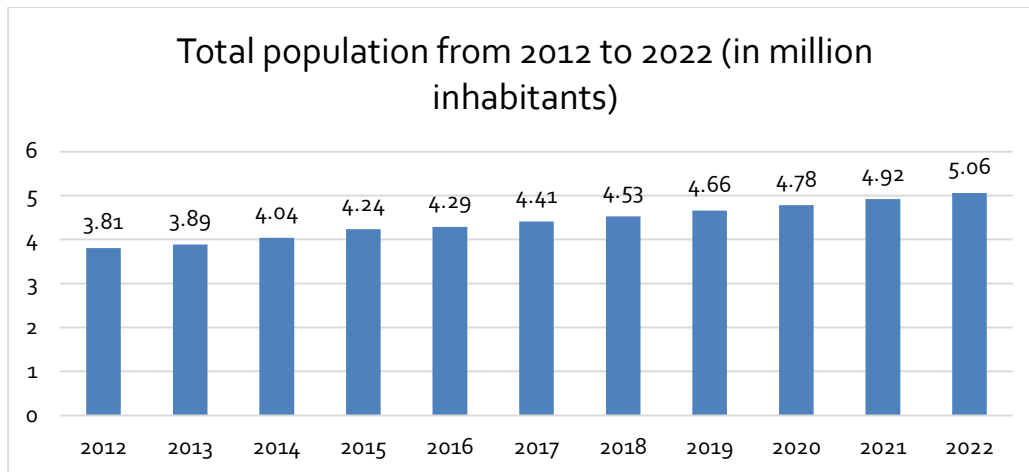
Kuwait's food industry is fueled by domestic demand driven by rising incomes. Lower food inflation will further boost the spending power of the consumers. According to the PWC² report, the food industry in Kuwait will experience string growth during 2015-2020. The food sales growth was forecasted to reach 6.2% in 2016 at a CAGR of 5.8% from 2015 to 2020.

² <https://www.pwc.com/gx/en/government-public-services/assets/pwc-gmc-growth-markets-insights.pdf>

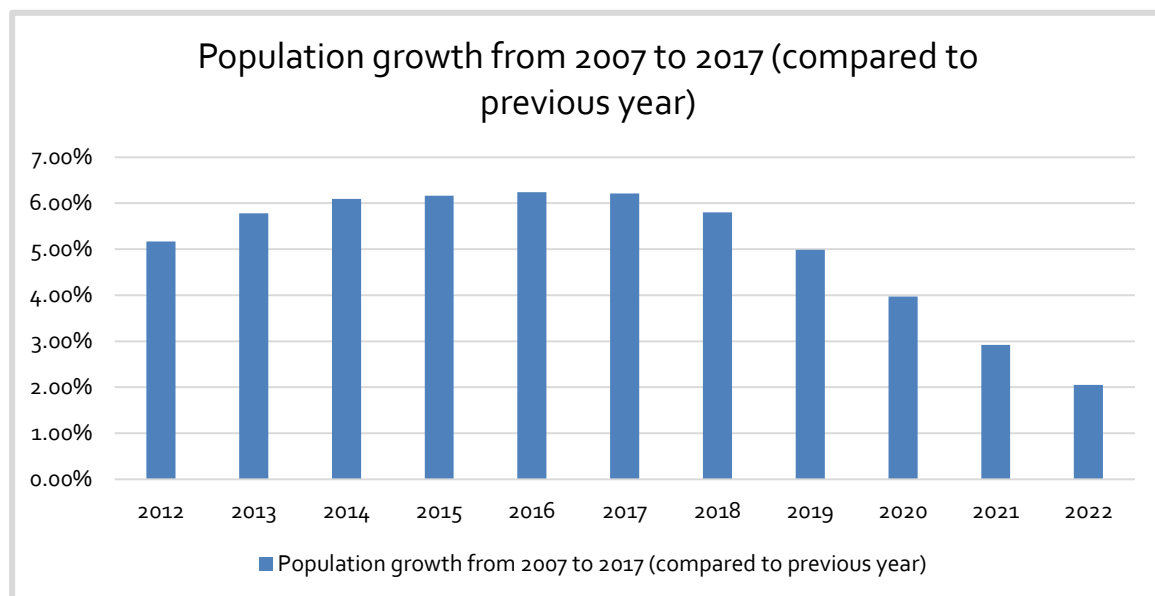


3.2 Growth Rate

In 2016, Kuwait's per capita food consumption was 634 kg which is expected to reach to 983 kg. The growth is highly supported by the increasing population. In 2022, the population is expected to reach 5.06 million³.



The increasing household income and changing lifestyle driving the growth rate of the population in Kuwait. The rapid rise is partially attributable to growth in the expatriate population, which makes up roughly two-thirds of the country's population.



³ <https://www.statista.com/statistics/438816/total-population-of-kuwait/>



3.3 Market History

Kuwait has about 10% of the world's oil reserves. Petroleum accounts for at least half of its GDP income and 95% of its revenue from exports. The country's growing economy is mostly due to its revenue from oil exports. The agriculture sector plays a minor role in the growth of the country's economy. Kuwait imports most of its fruits and vegetables, as the domestic production capability is low due to the unfavorable climate, soil infertility and water scarcity.

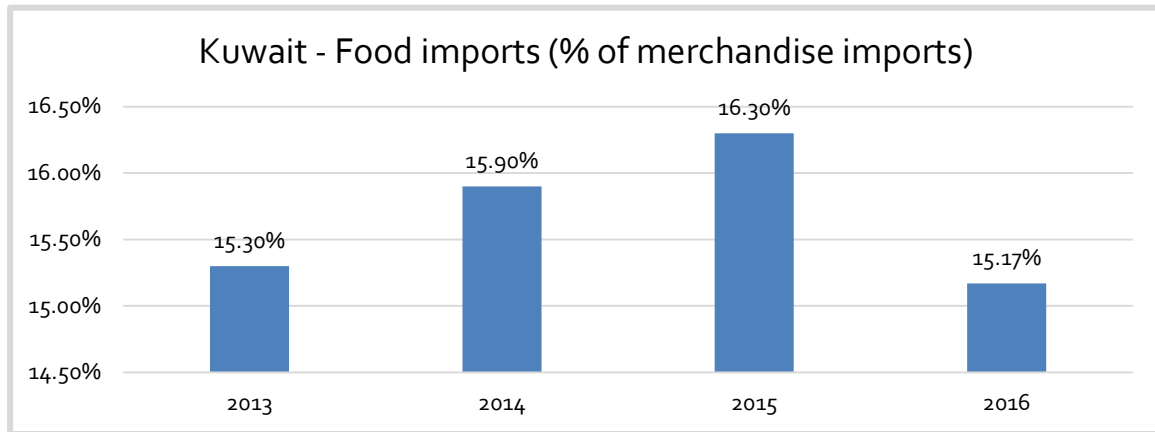
Agriculture has also seen minimal development. Kuwait's desert climate sustains little vegetation. Kuwait has no rivers, only a few valleys that fill with winter and spring rain. Scant rainfall, little irrigation water, and poor soils have always limited farming in Kuwait. Before the discovery of oil, 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. Economic growth and welfare measures since World War II drew workers away from historical pursuits and lessened the role of agriculture. In the late 1980s, fewer than 10,000 people were employed in agriculture. The government invested some money in developing hydroponics to increase vegetable production. Kuwait's most important crops in 1989 were tomatoes (40,000 tons), dried onions (25,000 tons), melons (7,000 tons), dates (1,000 tons), and smaller amounts of cucumbers and eggplants. Some of these crops are grown hydroponically. Although Kuwait manages to export some vegetables, its agricultural potential remains limited.

The country has a total arable land of about 10,600 hectares, which is about 0.6% of the total land area. This domestic production capacity is not enough to cater to the growing demand for fruits and vegetables. Kuwait is the second most populated country in the GCC region, with the average population growth rate of 3.5%. The country has low domestic production capabilities for fruits and vegetables, as the soil in the region is low in organic content, low-nutrient holding abilities, and poor moisture retaining capacity. The natural water resources required for irrigation are minimal, with most of the water used being from desalination plants, which consume a lot of electricity; domestic farmers are not able to bear the costs, as there are no subsidies for electricity. Thus, the harsh climatic conditions, and vulnerable water and soil resources are the major constraints faced by the agriculture sector in Kuwait; hence, the country is mostly dependent on import of fruits and vegetables.

The government of Kuwait is encouraging agricultural companies to invest in foreign countries that have a comparative advantage in producing certain crops and import their products back into Kuwait. The crops targeted by this initiative include wheat, rice, barley, yellow corn, soybeans, and green forage. The Kuwaiti government is providing financial incentives to encourage investors in the country to take part in this food security initiative and invest overseas.



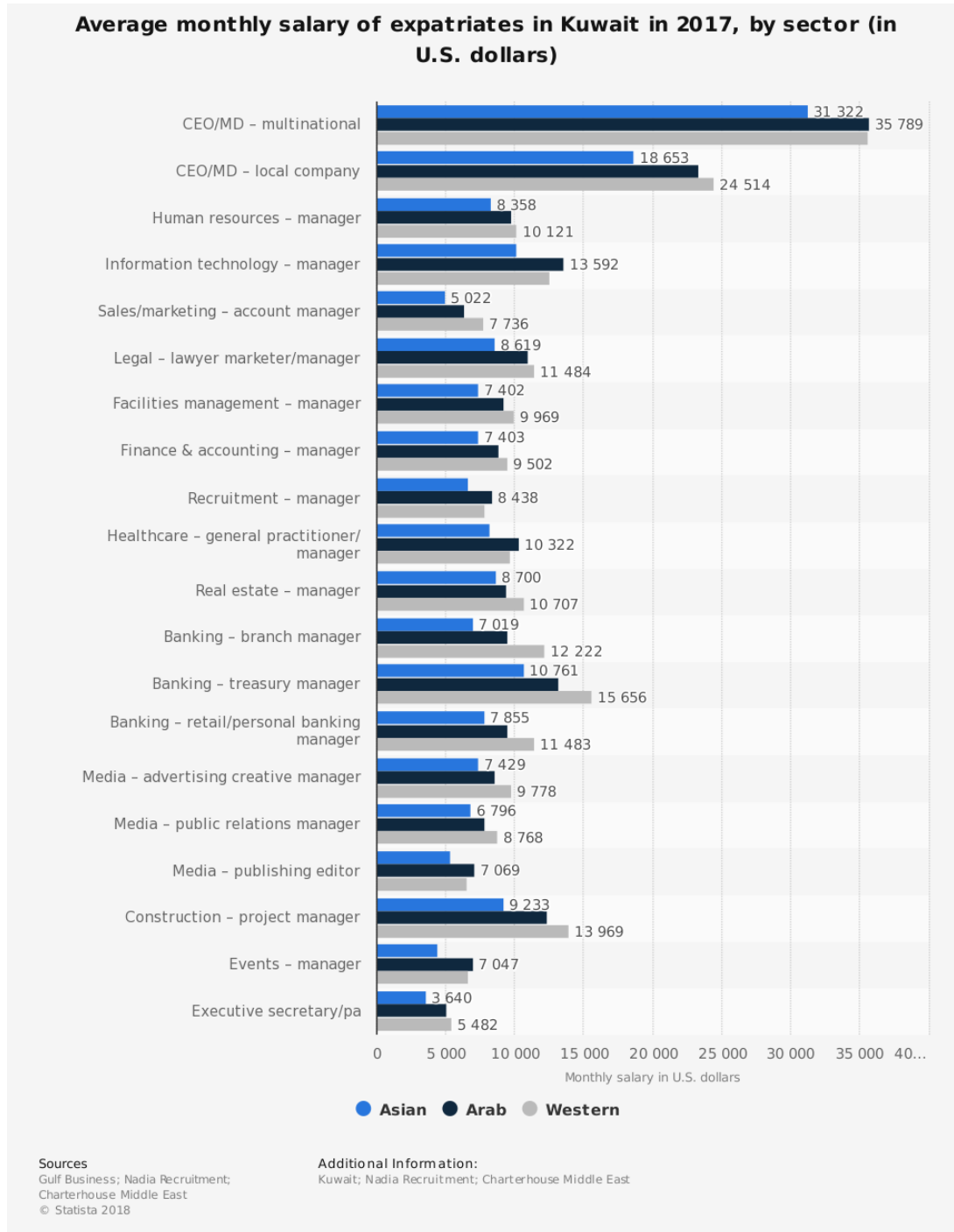
According to the World Bank, food imports (% of merchandise imports) in Kuwait was reported at 15.17 % in 2016⁴.



⁴ <https://tradingeconomics.com/kuwait/food-imports-percent-of-merchandise-imports-wb-data.html>



3.4 Market Potential



Average GROSS salary in Kuwait is KWD 21,409. Average NET salary is KWD 18,238. The most frequent GROSS salary is KWD 12,901. The most frequent education is Bachelor's Degree. The most frequent experience are 8-12 Years.



Salaries in Kuwait range between 100 KWD per month (minimum salary) to 6,800 KWD per month (maximum salary).

The median salary is 840 KWD per month, which means that half (50%) of the population are earning less than 840 KWD while the other half are earning more than 840 KWD. The median represents the middle salary value. Generally speaking, you would want to be on the right side of the graph with the group earning more than the median salary.

Closely related to the median are two values: the 25th and the 75th percentiles. Reading from the salary distribution diagram, 25% of the population are earning less than 500 KWD while 75% of them are earning more than 500 KWD. Also from the diagram, 75% of the population are earning less than 1,500 KWD while 25% are earning more than 1,500 KWD.

Despite the fairly static nature of the Kuwaiti mass grocery retail (MGR) sector, this quarter has seen a number of major developments as discussed in BMI's recently published Kuwait Food & Drink Report. Kuwait's organized food retail sector is dominated by the government-subsidized Union of Cooperative Societies (UCCS), at the expense of privately-owned operators. The union comprises not only small grocery stores, but also supermarkets, convenience stores and a hypermarket, and it derives its strong market position from its exclusive right to operate in residential areas, while private retail operations are restricted to commercial zones.

However, in recent years, local, private operators have continued to expand, led by The Sultan Center (TSC) and City Center, both Western-style supermarket chains. It seems that TSC has decided that rather than competing exclusively in this challenging domestic environment, it will look abroad for expansion opportunities. In that vein, in August the retailer announced its acquisition of food retailers Monoprix and Géant Casino from local company Admic, in a deal worth US108mn. Under the terms of the agreement, TSC will take over five Monoprix supermarkets, which will be renamed TSC Plus, as well as the Geant supermarket, which will be rebranded under the TSC Mega banner. Although the initial price tag for the store chain was US97mn, this shot up by US11mn when TSC decided that it would also buy the store's stock. This acquisition is in line with TSC's expansion strategy, as it looks to increase its presence in regional markets, due to more limited growth opportunities in its home market.⁵

3.5 Competition in the market

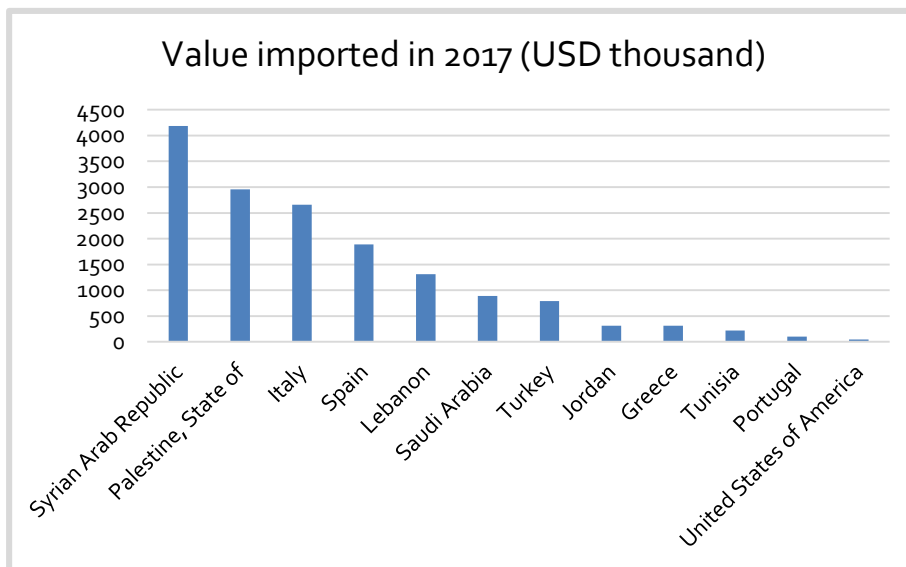
Competition in the market is existent on various levels:

1. On an income spending level, where now around 10 to 27% of the household spending is being spent on food & beverage products.

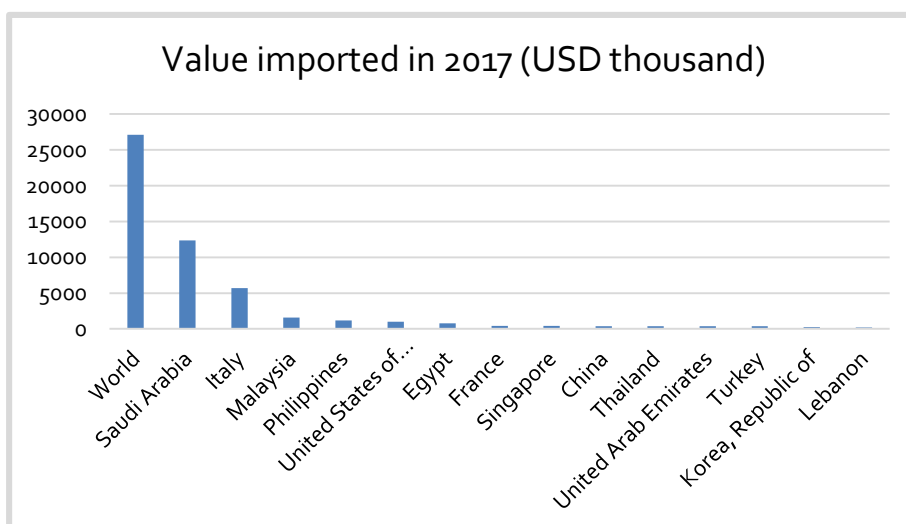
⁵ <https://www.businesswire.com>



2. On a product level, where foreign and more exotic products have to compete with local and more traditional products
 3. On a brand level, where one brand competes with the other
 4. On a distribution level, where one chain of supermarkets competes with the other.
- Olive oil: during 2017, the value of olive oil imported into Kuwait from Syria amounted to around 4 million USD. Palestinian was ranked in 2nd place among other exporters countries to Kuwait during 2017. ⁶



- Couscous & Freekeh: Commonly known as an ingredient and for household they know how to prepare the right dishes with it in many ways. ⁷

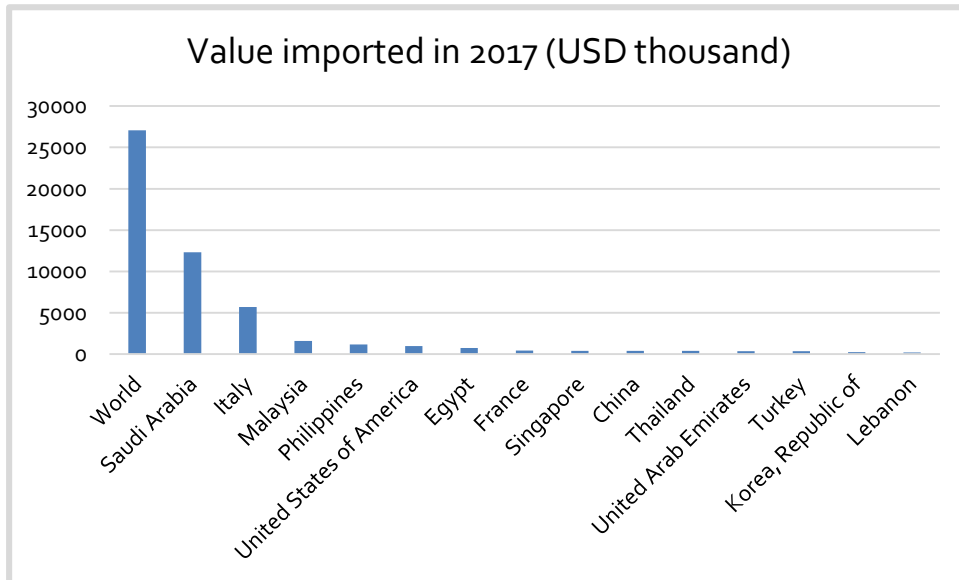


⁶ <https://www.trademap.org>

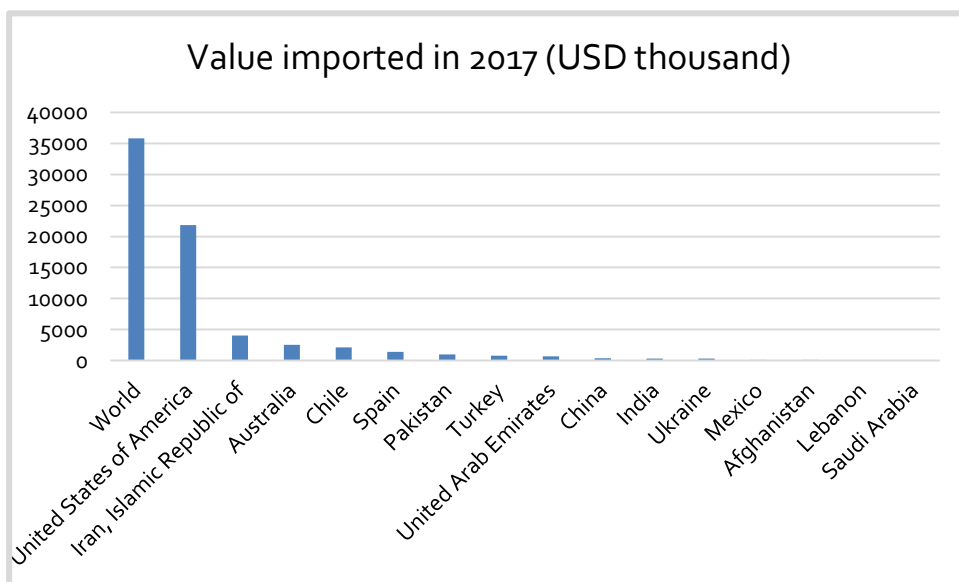
⁷ <https://www.trademap.org>



- Watermelon seeds are competing with other seeds, the right flavouring, packaging or mixing with nuts may be the way to grow this category, and the first exporter to Kuwait is Saudi Arabia then Italy and Malaysia.⁸



- Nuts and especially the peanut are highly consumed, imported from various countries, a Palestine brand should have no disadvantage, but there is broad competition. A large part of the number of nuts coming from the United States is peanuts.⁹⁻¹⁰



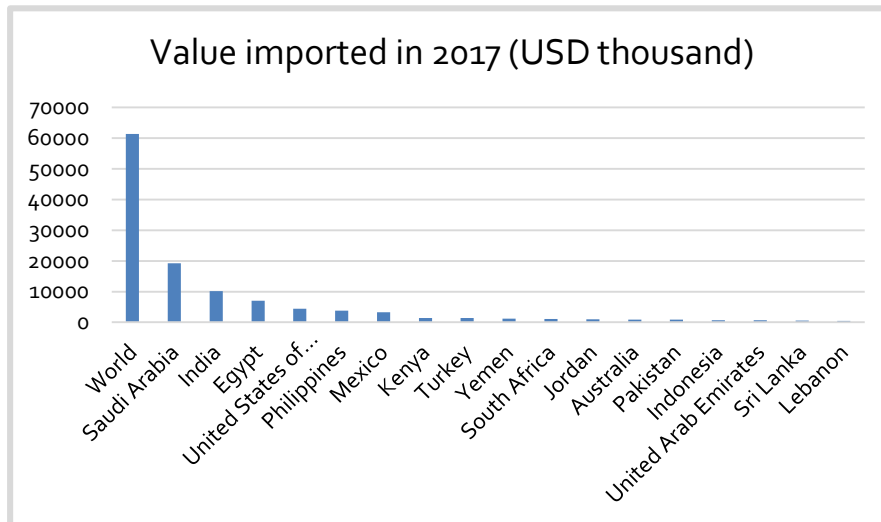
⁸ <https://www.trademap.org>

⁹ <https://www.trademap.org>

¹⁰ <https://www.sultan-center.com/fresh-food/fruit-veg/dates.html>



- Dates: the top four countries which exports dates to Kuwait are: the kingdom of Saudi Arabia, India, Egypt then UAE. The top imported dates are: Brahi, Medjool and Sukkari, some other types with chocolates and nuts. ¹¹



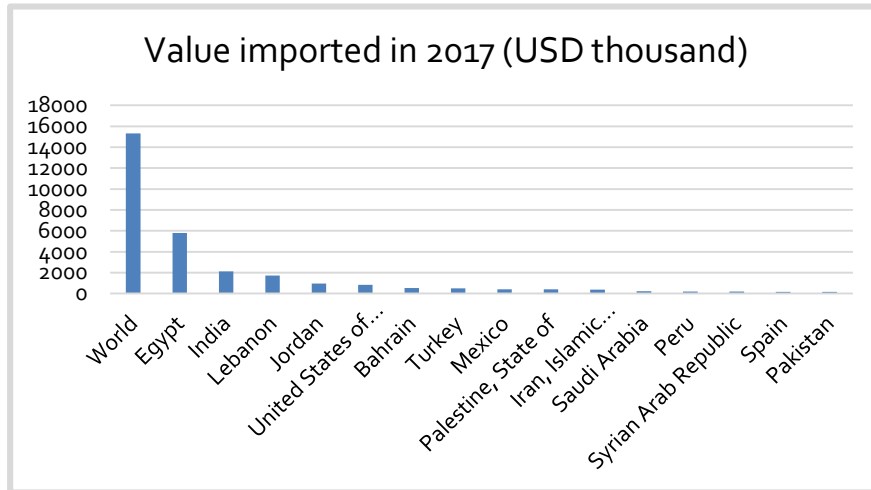
- Cheeses: during the period from 2017 to 2021 the consumption of cheese is expected to grow by 5% compared to an annual growth rate about 8% between 2012 and 2016. The top cheese exporters to Kuwait are Saudi Arabia, Egypt, Germany, UAE and Cyprus. ^{12,13}
- Conserved Pickled & Tomato paste are known, but have the tide against them, since people are looking more for fresh foods. The only exception is in 'traditional, hand crafted' pickled food, preferably positioned as organic or vegan. Tomato paste is more like a commodity, unless it is of exceptional rich taste. ¹⁴

¹¹ <https://www.trademap.org>

¹² <https://data.gov.au/dataset/6388134b-cb32-4451-97c6-8e605fa80f2a/resource/2b4efab1-1a79-4adf-a068-729990235344/download/agcommodities201803v1.0.01.pdf>

¹³ <https://www.trademap.org>

¹⁴ <https://www.trademap.org>

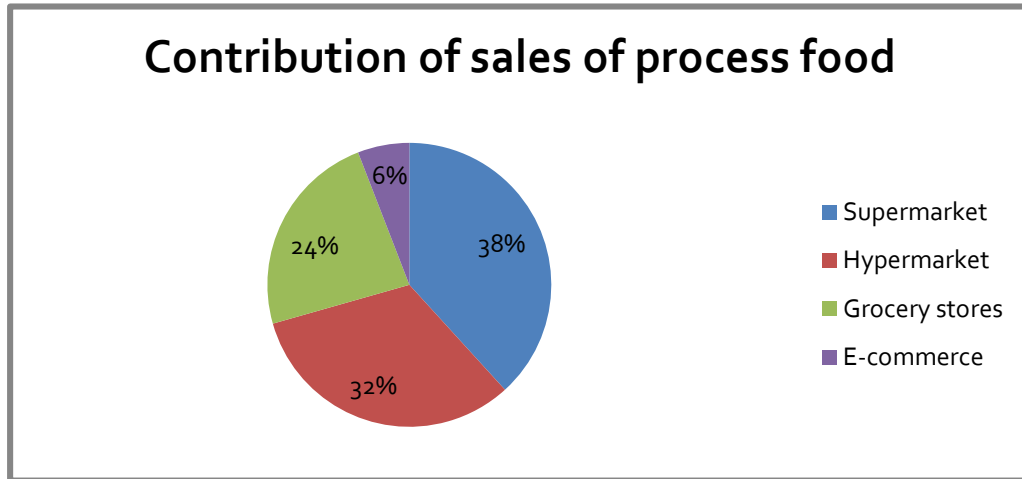


3.6 Distribution channels

Kuwait is targeted by many major global brands, which like all foreign firms must partner with local retail groups to operate in the country. Marketing of most foreign products in Kuwait takes place through local agents or distributors. Depending on the location, type of product, and after-market support required, most of the companies work through an agent or representative with access to a distribution network and with some customer support operations in place.

Distribution network in the country is further supported by the variety of widely spread sale and distribution channels in Kuwait, including standalone stores in malls, in addition to over-the-counter sales in salons, pharmacies, as well as bazaars. For supermarkets and pharmacies you may have to pay slotting fees, which is a compensation for the retail chain for the risk they take in granting you shelf space. If you work with local distributor, they mostly passes these costs on to you. To read more about the slotting fees, please visit: <https://www.allianceexperts.com/en/knowledge/exports/listing-slotting-fees/>

However, distribution options for food products remain somewhat limited, which could be holding back the development of Kuwait's food market. Occupancy rates in prime malls are around 90%, with demand for retail space increasing.



However, distribution options for food products remain somewhat limited, which could be holding back the development of Kuwait's food market. Majority of processed foods (more than 50%) are sold through supermarkets and hypermarkets. Supermarkets being the lead source of sales generation. Though e-commerce is experiencing a high among Kuwaiti's but not for processed foods. Therefore, selling processed foods through e-commerce platforms can be niche but for market penetration, opting for supermarkets will be highly recommendable.

3.6.1 Grocery stores

As is clear from the list, a large part of personal care products and cosmetics is being sold through general supermarkets or grocery stores.

In number of stores in the Kuwait:

- Hypermarkets: 230 stores
- Supermarkets: 420 stores
- Convenience Retailing: 14,000 stores

Among the main hyper- and supermarket groups in Kuwait are Geant, Carrefour, Lulu, Sultan Center and the Kuwaiti Union of Cooperative Societies. Carrefour Group. In Kuwait, Carrefour Kuwait operates a hypermarket at The Avenues, which is one of the largest and busiest malls in Kuwait. Lulu Hypermarkets, part of the UAE-based chain EMKE Group, in February 2015 opened two stores in Kuwait. The first, a 11,150-sq-metre hypermarket at Al Salam Mall in Salmiya, an affluent suburb of Kuwait City, was Lulu's fifth store in the country and brought the worldwide total for the group to 113. The second was a 21,400-sq-metre hypermarket at Dajeej – the sixth store in Kuwait. The company plans to open another hypermarket at Fintas by the end of 2015, and two more stores at Jahra and Fahaheel by the end of 2016.

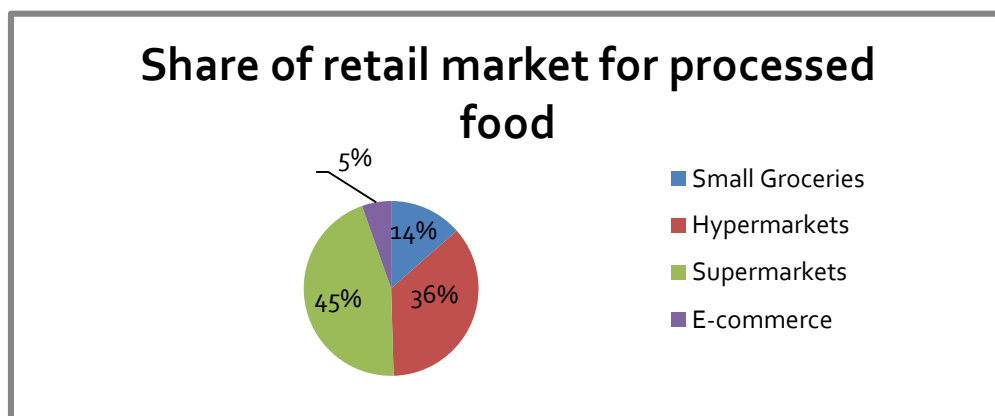


The cooperative sector in Kuwait uniquely characterizes the economic and social aspects of the state and is a key factor in shaping the economic structure of the country, especially in terms of retail sales and consumer goods, despite the competition of hypermarkets.

Kuwait's retail sector has grown by an average of about 10% in the past five years despite the spread of parallel markets and the launch of world-renowned brands in the field, competing to enter the local market to gain a share of this growth. The financial report of the contribution and capital data, sales and profits of cooperative societies for the year 2016 showed that the total sales of these coop-societies amounted to 990 million Kuwaiti dinars (about \$3.2 billion) compared to 850 million dinars (about \$2.7 billion) in the previous year, an increase of 13%¹⁵.

In Kuwait, the FMCG retail scene is dominated largely by co-operative societies and traditional corner stores or Baqalas. Combined, these account for about 90% of the grocery retail sector, according to Planet Retail, a UK-based research company. The modern trade accounts for only 10% of Kuwait's FMCG retail scene.

Small groceries have a tiny share of Kuwait's FMCG retail sector, accounting for just 3% to 5%. These stores tend to sell cheaper, locally produced products and brands.



Much of this change in the retail sector is in response to a greater demand, which in turn is being driven by a rise in the population. Frozen meat, are growing by more than 35% a year. Bottled water sales have risen by about 29% in the past year, while bean sales have grown by about 17% to 20%. Growth in these categories is also being driven by a change in people's lifestyles¹⁶.

¹⁵ <http://news.kuwaittimes.net/website/retail-sector-essential-factor-economic-growth-despite-competition/>

¹⁶ <https://www.arabianbusiness.com/kuwait-warms-modern-retail-trade-217623.html>



3.6.2 Online shopping

Kuwait has over four million Internet users. Ecommerce has played a vital role in middle-east's growth. Countries such as UAE, Bahrain, Kuwait, Oman, Qatar & KSA have seen tremendous growth in this sector in the past 3 years. E-commerce forecast to reach 1.07 billion USD by 2020. 97% of Kuwait's four million inhabitants use credit/debit cards. Kuwait has 2.6 million internet users with 2.4 of those already shopping online including: Beverages, canned, dry packaged food, snacks, baby food, cooking essentials, etc. Online transactions are split: 70% male and 30% female. Online buyers in their thirties represent 65% of overall online transactions and make up a little over half the population.¹⁷

The top countries from which Kuwait makes online purchases are the United States and the United Kingdom. The most popular e-commerce sites the consumers are using are: Amazon (US and UK), Net-A-Porter and department stores such as Bloomingdale, Nordstrom Rack and others. The top four ecommerce websites of Kuwait & Middle East are the following:

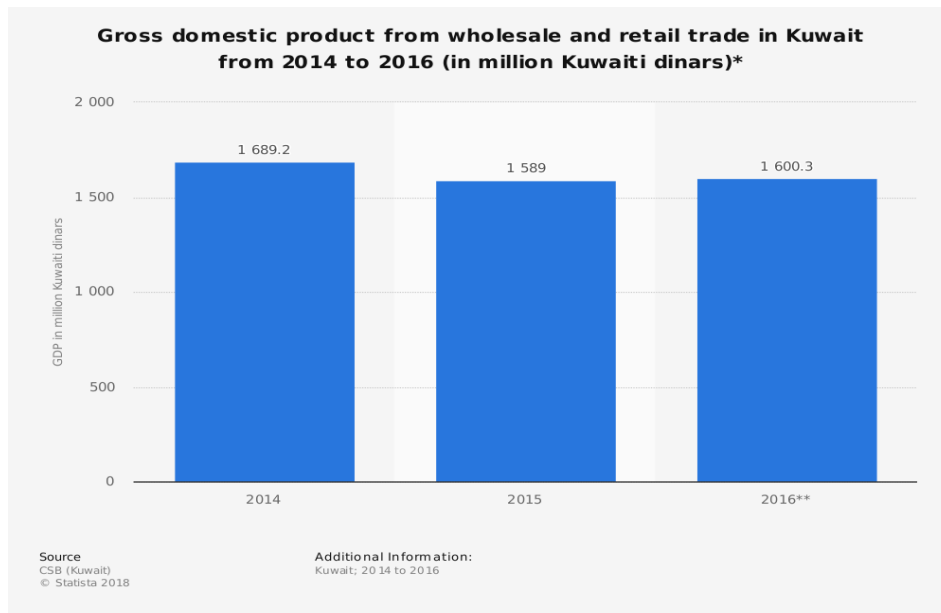
- <https://www.sultan-center.com/>
- www.souq.com
- <http://www.tons.com/>
- <http://www.e-baqala.com/ps/>
- <http://www.luluhypermarket.com/KW/all>
- <https://www.gourmetme.com/english/>
- <http://healthyshop-kwt.com/>

¹⁷<https://www.eshopworld.com/blog/middle-east-ecommerce-kuwait-qatar/>



3.6.3 Wholesale channels

This statistic shows the gross domestic product for wholesale and retail trade in Kuwait based on a current price from 2014 to 2016. In 2016, the GDP generated in Kuwait from wholesale and retail trade was about 1.6 billion Kuwaiti dinars.



The growth witnessed in retail sector in Kuwait over the recent years are likely to continue, with high-end malls holding luxury brands proving popular among Kuwaitis, and as new outlets open their doors in new retail spaces. Further, Kuwaitis are ranked among the most affluent consumers in the GCC.

Kuwait has at least 45% of population in the 20 to 39 age bracket, and it is natural that these young consumers are keen on spending on retail sector and malls, and in purchasing international brands.¹⁸

In addition to the mall, the hypermarket is an increasingly popular shopping choice in Kuwait. This is partly attributed to the greater convenience and range that these venues can offer.

While hypermarkets often serve to anchor a major mall, traditional retailers such as small neighborhood shops, markets and cooperative societies continue to account for a fairly large proportion of retail trade in Kuwait. This is partly because they are smaller and nearer to home for many people, and are thereby able to compete on the basis of convenience. However, this preference for convenience on the part of the consumer may tempt big retail

¹⁸<https://beautybusinessjournal.com/high-spenders-drive-kuwaits-beauty-market/>



groups into introducing smaller-format stores, as has occurred in a number of developed markets over the past few years.

The Kuwait Union of Cooperative Societies, meanwhile, has been in business since the early 1970s. The bulk of co-ops tend to be small neighborhood stores, which offer less variety than the large hypermarkets. However, co-ops devote a quarter of their profits to social and charitable projects in the vicinity, giving consumers an additional incentive to shop locally.

e.g. 1. Old Kuwaiti Souq Market

This place contain old open shop, wholesale shops, Vegetables, Carpet and most importantly perfumes and many more. To see the Arabic culture it's a very good place.

This place is big and to explore you need at least 2 to 4 hours. Mostly on weekend it's very happening.

e.g. 2. Sultan Centre operates

Five large wholesale centers as well as many smaller convenience stores. Founded in 1976, it has a presence in Oman, Jordan, Lebanon and Bahrain, in addition to Kuwait, and is listed on the local bourse.

e.g. 3. Geant Kuwait

Partnership between France's Groupe Casino and Retail Arabia, operates seven stores in Kuwait: a hypermarket at 360 Mall and six smaller-format Geant Easy stores.

3.6.4 Traditional Retail and Convenience Stores

The convenience store market is highly fragmented, with a large number of retail operators. Store operators may be divided into several types:

- Gas Stations – a company like KNPC has 43 filling stations all over Kuwait, another 100 stations is already underway in 5 year plan, and all these stations has a mini market store. Customers can get food, snacks, hot and cold beverages and more. Another example is Trolley: it is a chain of convenience stores, Trolley is committed to create the brand of choice for consumers by giving Kuwait a "One Stop Shop" solution for all their quick needs. Once entered a Trolley store customer will not only be able to shop for FMCG but will also be able to enjoy the coffee of choice, will be able to fulfil all their cellular needs, or send an overnight courier after printing an important document at Trolley self-printing corner all under one roof – 24 hours by 7 days a week.
- Convenience Outlets at Supermarkets - Co-operative Societies (44 Co-operative Societies); Naseem Co-Operative Society (25 stores); Rawda & Hawally Co-Operative Society (9 stores); The Sultan Center TSC (19 stores); Lulu Hypermarket (6 stores); City Centre (5 stores) and Saveco (4 stores)



- Symbol (Convenience) Groups and Franchises - In order to protect against the advance of the supermarket chains in the convenience sector, the number of convenience stores affiliated with a symbol group is growing rapidly. Symbol and buying groups offer small retailers a range of benefits including strong marketing and branding, wider product ranges, and more sophisticated supply chain systems. Major players in this sector are Al SHAYA, City Centre and The Sultan Center.

3.6.5 The foodservice market

As of 2016, total foodservice sales of Kuwait (USD 1.7 billion), Kuwait Food Co. (Americana Group) is the largest operator of restaurant chains in MENA and the only player with double digit value share of 12% in 2015, representing key brands such as KFC, Hardee's, TGIF, Krispy Kreme, and Pizza Hut, amongst others. With a network of over 1,700 outlets as of 2015, Americana Group has developed 12 most recognised brands under different food service categories, from fast food to fine dining. Based out of Kuwait, the company has leveraged its strong understanding of the varied F&B tastes and preferences of people in the GCC. This capability has enabled it to develop six of its home-grown brands, including Chicken Tikka, Fish Market, Samadi, Maestro, Grand Cafe and Fusion. The company has expanded operations across 13 countries and 105 cities.

The popular US chain - Raising Cane's (among the top five US QSR), with over 220 restaurants in the US, made its first international debut in Sep. 2015 in Kuwait in partnership with Alshaya Co. Since its first launch in 2015, it has opened six restaurants in the GCC and plans to continue further expansion. In 2017, Alshaya Co. announced a partnership with award-winning Australian chef Johnny Di Francesco to bring the 400 Gradi Italian restaurant brand to the Middle East. Another significant deal was recently signed with the US-based Blaze Fast-Fire'd Pizza to build and operate multiple Blaze Pizza restaurants across the MENA region, and the first five restaurants are scheduled to open in Kuwait and the UAE in 2018.

3.7 Market characteristics

3.7.1 General trends in the Kuwaiti food industry

1. GDP Growth

GDP is on the rise and growing 2.9% annually since 2010. The growth rate of Kuwait's GDP is expected to see 3.77% by 2022 and the development is expected to see from 2018 at 1.28% after a sharp fall in 2017. Kuwait's is still high in comparison to advanced economies. GDP per capita is closer to that of advanced economies than to emerging markets. In 2015, Kuwait's was \$35,490, compared to an average of \$4,770 for emerging markets and \$42,560 for advanced economies.¹⁹

¹⁹ <https://tradingeconomics.com/kuwait/gdp-growth-annual>

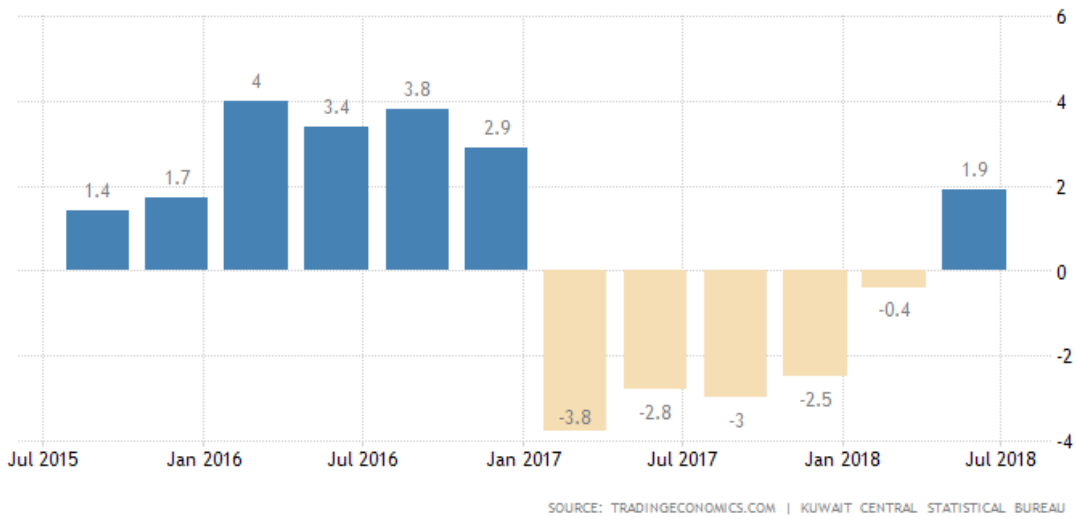


Figure 1 The Gross Domestic Product (GDP) in Kuwait

2. Decreasing Unemployment Rate

The unemployment rate has been decreasing since 2011, however it's still above the historical average since 1990 of 1.5%. According to a survey conducted in 2015, 87% of population work in the public sector. It was also observed that 58% of unemployed employees unwilling to work in the private sector. Shorter working hours in public sector is more demanding. In 2017, the unemployment rate has decreased to 2.08%, a 0.3% less compare to last year 2017 was 2.011%.²⁰

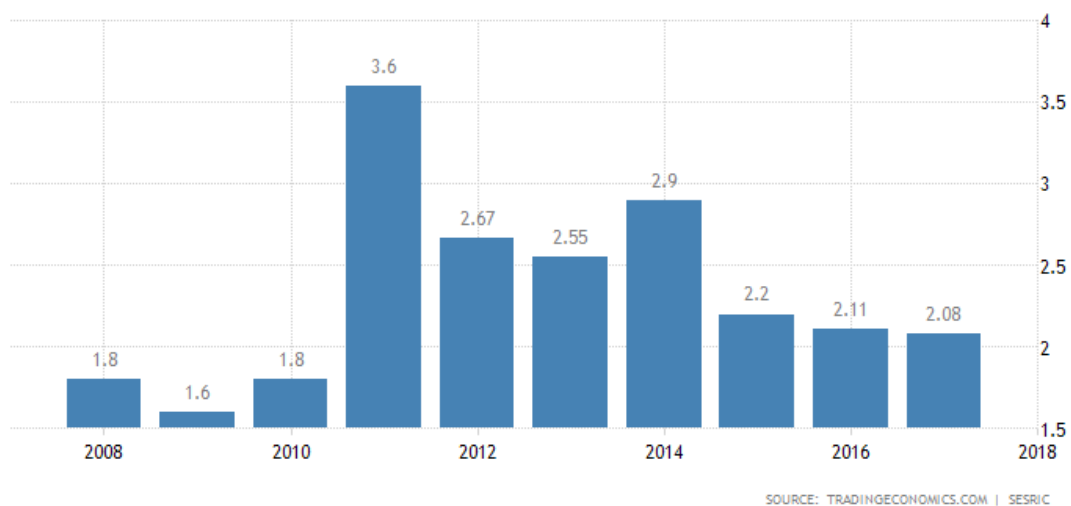


Figure 2 Unemployment Rate in Kuwait

²⁰ <https://tradingeconomics.com/kuwait/gdp-growth-annual>



3. Steady inflation Rate

In 2017, Kuwait's local food price fell by 2.2% y-o-y as global food price declined sharply. According to the Commodity Research Bureau, international prices of commodity foods were down by 8.4% y-o-y in April 2017. During the Ramadan in May and June, the food prices may face some limited upward pressure. During the time, the demand of some food staples typically rises and the local cooperation hikes the prices by 20% to 35%.²¹

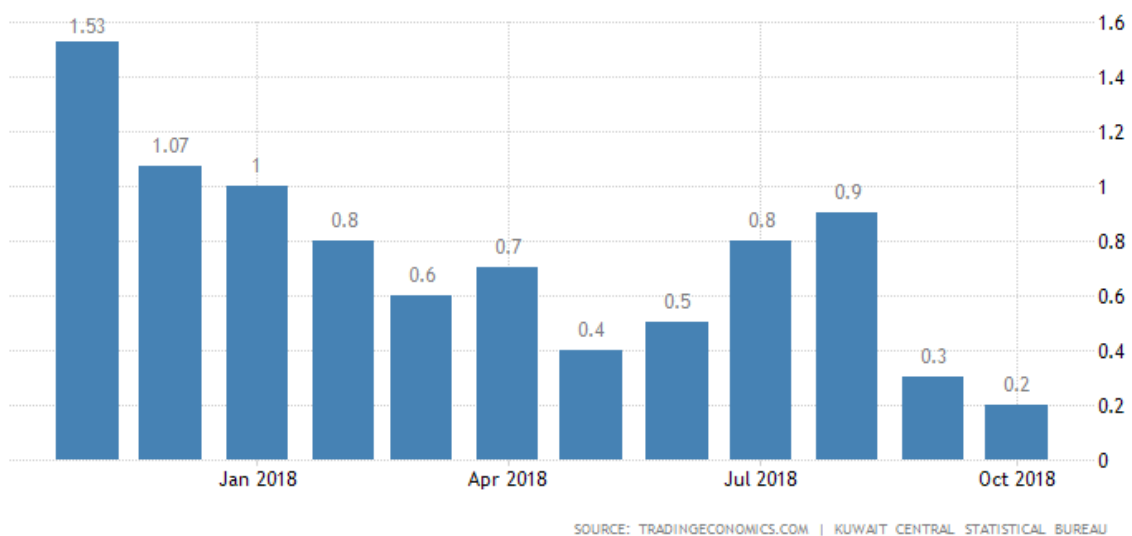


Figure 3 Annual inflation rate in Kuwait

4. Increasing Western Dining Habits

The western food habits are becoming popular in Kuwait. Presently, major western food chain companies and local foods chain companies are dominating the local market. Boston Market, for instance, opened its first Middle East outpost in Kuwait in 2017, with plans to open dozens more in the region. In 2017, McDonald's expected a growth rate of 12% alone. The food chain market in Kuwait is growing however, there are few restrained factors that might slow down the market. According to the International Diabetes Federation Atlas, 20% of adult population in Kuwait, aged between 20 and 79, are diabetic. Kuwait is the highest ranking in world for rate of diabetes per capita. The rise of diabetes and obesity increases the demand and adaptation of fresh produce and healthier foods.

5. Integration of Technologies

Kuwait's population is significantly adapting the use of modern technology. 73.9% of population is using Facebook and 99.8% population are using internet on daily basis. Increasing use of internet is reshaping every industry including food industry in Kuwait.

²¹ <https://tradingeconomics.com/kuwait/gdp-growth-annual>



Food delivery industry is also becoming popular in the Middle East. Kuwait-based e-delivery app interface Talabat helped pioneer that trend in the region. The company — which says it has placed 10 million orders by more than 500,000 registered users with over 1,700 restaurants across the region — has expanded since its inception in Kuwait, now offering delivery in Bahrain, KSA, Qatar, UAE, Oman and Jordan. Other players have cropped up, too, with the food delivery market becoming increasingly heated. Food delivery startup Carriage was acquired, too — also by Delivery Hero — in May, in an effort to expand the presence throughout the Middle East. A new wave of technological trends (online ordering, food trucks, kiosks) will further fuel the demand for QSR options in the region.

The retail value of all packaged foods sold in the GCC, including those in the health and wellness category, was US\$30.4 billion in 2016. The value of packaged food sales has been steadily increasing from 2012 to 2016 by a compound annual growth rate of 8.7%. The retail value of packaged foods sales is expected to reach US\$43.6 billion by the year 2021, increasing by a compound annual growth rate of 7.5% from 2017 to 2021. The top three segments in terms of sales were: dairy, baked goods, and confectionary. However, the highest growth for 2016 was seen in the spreads category (11%), followed by ice-cream and frozen desserts (10.8%) and baby food (10.7%).²²

²² <http://www.agr.gc.ca/eng/industry-markets-and-trade/international-agri-food-market-intelligence/middle-east-and-africa/market-intelligence/sector-trends-analysis-packaged-food-trends-in-the-gulf-cooperation-council-gcc/?id=1521060024844>



3.7.2 Organic food

In terms of trends, there is an increasing in organic food demand in Kuwait²³ as well as an increase in fast food, packed, ready to eat and halal food segments leading to exciting opportunities for companies within this industry. The organic packaged food and beverages consumption was 13.5 million USD in 2017, and became 15 million USD in 2018. We believe in investing in new technologies and we continue to maintain our positive outlook for the industry.

Data type	Unit	2014	2015	2016	2017	2018	2019	2020	CAGR (14-17)	CAGR (17-20)
Health & wellness products consumption	USD million	705.6	727.5	785.6	842.6	882.4	922.8	967.9	6.1%	4.7%
Organic packaged food and beverages consumption	USD million	5.6	6.6	7.5	13.5	15.0	16.6	18.3	34.1%	10.7%
Organic packaged food consumption	USD million	0.3	0.3	0.3	0.2	0.2	0.2	0.2	-12.6%	0.0%
Organic beverages consumption	USD million	5.3	6.4	7.2	13.3	14.8	16.4	18.0	35.9%	10.6%
Organic packaged food and beverages consumption as a % of total health & wellness products consumption	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-

Figure 4 Organic packaged food & beverage data

Wholesome Foods (www.wholefoodsmarket.com) is a new supermarket that Saveco have opened up and not only does it have the same name as Whole Foods, it basically has the same interior look and colour scheme along with a similar concept (they mostly carry organic and healthy food products).

The Sultan Centre is a very popular good quality supermarket and some of the larger branches are open 24 hours 7 days a week. Here you will find organic food, bakery, deli and a good range of fruit, vegetables and meat. Larger branches are at the Sharq souk, Al Kout, Hawally and Salmiya. The "City Centre" at Salmiya and Shuwaikh is another popular large supermarket with a full range of food

3.7.3 Private label

Most Kuwaitis hypermarket retailers have their own ambient ranges, based around grains, dry groceries or canned foods. However, with increasing retail competition, private labels are becoming a viable method to improve brand awareness and profit margins.

²³ <https://globalorganictrade.com/country/kuwait>



Saveco, have signed to a deal with Tesco to sell more than 4,500 of their private label products exclusively in Saveco stores in Kuwait.

The Gulf Cooperation Council (GCC) states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates are home to a young, predominantly Muslim, population. This population is growing in size and expected to reach over 50 million by the year 2020. According to Euromonitor International, Saudi Arabia (26.5 million) and the United Arab Emirates (8.2 million) are the two largest populations in the region, both with large expatriate populations, open to global food trends and used to traditional retail formats for their grocery needs.

The packaged food market saw an increasing demand for health and wellness food products which are products with perceived health benefits. Governments in the GCC are trying to lower the rate of obesity and diabetes by applying food-education initiatives.

The United Arab Emirates (UAE) is Canada's largest GCC agri-food and food products export partner, representing 82% of all GCC imports in 2016. Saudi Arabia is the only other substantial export destination with 11% of the market, while the other GCC partners purchase a combined 6.3% of Canadian products.

3.8 Import policy and procedures

3.8.1 Regulatory framework

The State of Kuwait is a member of the Gulf Cooperation Council (GCC) that includes Bahrain, Oman, Qatar, United Arab Emirates (UAE) and Saudi Arabia. With the exception of Saudi Arabia, the USDA's Office of Agricultural Affairs (OAA), Dubai, covers the rest of the countries collectively known as the GCC-5.

In 2007, the GCC Food Safety Committee developed a "Guide for Food Import Procedures for the GCC Countries." This guide was meant to unify the applied procedures for clearing food consignments, as well as to unify the required import certificates for different types of foods. The intent was to help facilitate the movement of food products within the GCC once customs unification is fully implemented. In 2008, the GCC member countries decided to postpone the application of the guide to further study it to ensure it fully complies with the guidelines of international organizations such as Codex Alimentarius, World Animal Health Organization and International Plant Protection Consortium.

Kuwait adopted the revised GSO standards for labelling (GSO 9/2007) and shelf life (GSO 150/2007) in October 2008.



The Department of Standards and Metrology, Public Authority for Industry (PAI), in cooperation with other concerned departments, including the Kuwait Municipality (KUM), the Ministry of Public Health (MOPH), the Ministry of Commerce and Industry (MOCI), the Public Authority for Agricultural Affairs and Fish Resources (PAAFR), the Consumer Protection of the Ministry of Commerce, Customs, Chamber of Commerce and the Kuwait Institute for Scientific Research (KISR) constitute the “National Food Safety Committee” which is responsible for establishing local food safety regulations. The regulations become enforceable only after they have been officially announced via a ministerial decree published in the official gazette of Kuwait. Usually, a grace period of up to six months is granted from the date of issuance in the official gazette prior to enforcement of any new regulations²⁴.

Regulatory enforcement is divided between the KUM, MOPH and PAAFR. The Imported Food Department within KUM has responsibility for the initial inspection of imported food products, including verification of compliance with label requirements and collection of samples for laboratory analysis by either MOPH or KUM. In general, new-to-market products and products that have failed previous inspection are subject to thorough inspection. Laboratory tests typically take 1-4 weeks depending on the type of test, which, at times, can limit the remaining shelf life for perishable products once cleared.

Compliance disputes are handled by the Food Committee which is comprised of representatives from the KUM, MOPH, PAI, PAAFR, KISR and the Kuwait Chamber of Commerce and Industry. The committee determines the validity of a complaint and could order re-inspection if warranted. Trade contacts report that consignments with minor labelling infractions may be granted a one-time waiver provided the products are found to be completely safe for human consumption. Rejected shipments are allowed one month to be re-exported.

3.8.2 Food Additives Regulations

In general, local regulations governing the use of food additives are based on Codex Alimentarius standards. According to trade contacts, rarely is a U.S. food product rejected by Kuwaiti officials due to the unauthorized use of an additive. Colour additives are regulated under KS 214/1999 (GS 23/1998). Under this standard, the common name and index number of all food colour additives contained in a product must be noted on the product label. European "E" numbers are permitted.

²⁴

http://agriexchange.apeda.gov.in/IR_Standards/Import_Regulation/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Dubai_Kuwait_6-20-2012.pdf



Other food additives such as preservatives, flavourings, antioxidants, emulsifiers and others are regulated under KS 147/1994, which is identical to the Codex Alimentarius standard. Sweeteners allowed for use in food products are listed in KS 1176/1999 (GS 995/1198).

3.8.3 Other Regulations and Requirements

All food products must be accompanied by a health certificate issued by the appropriate government agency in the country of origin, attesting to the product's fitness for human consumption. Meat and poultry products must be Halal slaughtered. Halal slaughter certificates accompanying meat and poultry shipments are required to be notarized by the Kuwaiti Embassy in the country of origin. If not available, notarization from any of GCC or other Arab countries will suffice. A shipment will be rejected if salmonella is detected in more than 20 percent of the tested samples of imported poultry.

The importation of alcoholic beverages and pork, and food products containing alcohol or pork, is prohibited. In addition, it is prohibited to import a product with a label containing a picture of alcohol or pork, or a recipe requiring these products even though the imported product is free of these ingredients. Since late 2000, importation of non-alcoholic beverages has been permitted provided that the alcohol level does not exceed 0.05 percent.

The importation of irradiated food products is permitted, but the product's label must clearly indicate that the product has been irradiated. KS 1171/1999 (GS 988/1998) determines the maximum irradiation levels permitted in different food products. Local food safety inspectors randomly check food products already in the market. In addition to visually inspecting labels, samples are taken and analysed to ensure that product ingredients match those listed on the label. These inspections are conducted without the knowledge of the importer. If a discrepancy is found, the importer is informed and the product is removed from the market and destroyed at the importer's expense. Rejected food shipment may be exported within 1 (one) month from the rejection date. If the infraction is severe (e.g. traces of pork are found) or an importer has been found to have intentionally altered or falsified a product's label, the product may be banned from import for a specified period of time, usually six to twelve months.

3.8.4 Import Procedure

Shuwaikh port in Kuwait City and Shuaiba port, about 25 miles south of the city, are the primary entry points for imported food products. Both ports have state-of-the-art equipment. Many fresh and chilled products are imported via Kuwait International Airport, located a short distance from Kuwait City. Fresh produce originating from nearby Middle Eastern countries is imported in refrigerated trucks via land entry points on the Saudi Arabia border.



While it can require as little as 2-3 days to clear a consignment through customs, health clearance can take 7-10 days, due to laboratory testing and for some products it may take two to four weeks. Kuwait employs a rigorous sampling regime that requires frequent testing and a “test and hold” clearance procedure pending the results of tests. Fresh products, however, are usually cleared within 24 hours of arrival. Once customs clearance is obtained, an importer may elect to store a consignment under bond, pending health clearance.

The following documents are required for food imports:

- Commercial invoice
- Packing list
- Bill of Lading
- Health certificate
- Halal slaughter certificate (for meat and meat products) *
- Certificate of Origin

* Halal slaughter certificates accompanying meat and poultry shipments are required to be notarized by the Kuwaiti Embassy in the country of origin. If not available, notarization from any of GCC or other Arab countries’ Embassies will suffice.

3.9 Import Channels

There are several parties who serve as the formal importer of goods:

- Hypermarkets (e.g. Panda)
- Large and mid-sized supermarket chains
- Smaller supermarket chains for their bigger categories (e.g. tropical fruits)
- Large caterers: hotel chains, restaurant chains, contract caterers
- Food and drink wholesalers
- Food and drink manufacturers
- Specialised importers, servicing the above groups

Each group may consist of a great variety of parties, from big to small, from broad to very specialise.

3.10 Packaging and labelling

Food labels must include the following information in Arabic on the original label or primary packaging:

- Product and brand name
- Country in Origin



- Ingredients, in descending order of proportion
- Additives, if any
- Origin of animal fat (e.g., beef fat), if applicable *
- Net content in metric units (volume in case of liquids)
- Production and expiry dates
- The name and address of the manufacturer, producer, distributor, importer, exporter or vendor shall be declared on the label
- Special storage, transportation and preparation instructions, if any.

* Animal fat should be sourced only from Halal slaughtered animals. Pork products and ingredients are banned in Kuwait.

Bilingual labels are permitted, provided one of the languages is Arabic (e.g. Arabic/English). Arabic language stickers are permitted in lieu of original Arabic or bilingual labels, provided the sticker: 1) Is extremely difficult to remove; 2) Includes all required label information; 3) Does not cover required information on the original label; and 4) Does not contradict information on the original label.

Production and expiry (P/E) dates must be engraved, embossed, printed or stamped directly onto the original label or primary packaging at the time of production, using indelible ink. These dates may be printed in English only, Arabic only or English/Arabic. These dates may not be printed on a sticker. U.S. bar coding is not permitted in lieu of P/E dates and a label may not contain more than one set of P/E dates. The dates must be printed in digit form (text is permitted only if the name of the month is written in full) in the following order, depending on the shelf-life of the product:

- Day/month/year for products with a shelf-life of 3 months or less
- Either Month/year or Day/month/year will be accepted for products with a shelf life longer than 3 months

General requirements for packaged special foods are covered under KS 859/1997 (GS 654/1996), KS 1034/1998 (GS 839/97), KS 170/1984 and KS 1028 (GS 1024/2000). Boxing for fresh fruits and vegetables is regulated under KS 65/1992 (GS 124/1990).

3.11 Prices (in relation to potential buyers)

As far as possible, given the broad product ranges that we are talking about, this topic will be covered in paragraph 3.15.



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 brochures, 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 (procurement, international



	<p>business, owner etc ..), you try to make it short and direct to the point, no need to 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>
<p>If they are interested</p>	<p>9. If the person in charge is interested he/she might ask you to send a sample and detailed sheets about your product. 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. 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). 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>
<p>After receving your samples</p>	<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 leaves²⁵

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.

²⁵ <https://www.commisceo-global.com/resources/country-guides/kuwait-guide>



- Do not use high-pressure sales tactics. They will work against you.
- Repeating your main points indicates you are telling the truth.
- 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 promotions

3.13.1 Trade fairs

Trade fairs remain one of the best approaches to introduce new products and make contact with potential buyers. A trade fair can also be an attractive meeting point to meet with prospects that have already been identified.

CONSUMER EXHIBITION	It is the biggest exhibition for consumer goods in Kuwait. Autumn Consumer Expo is an 11 day event being held at Kuwait International Fair Ground in Kuwait City. Around 20,000 visitors and 500 exhibitors attend this event.	https://10times.com/spring-consumer-festival	Mishref	11 Dec 2018
Trade fair for the hospitality sector and food ²⁶	Horeca in Kuwait at the Jumeirah Messilah Beach Hotel is a trade event for the hospitality sector and food. It serves as an annual meeting place for the industry in the Middle East and beyond.	https://www.tradefairdates.com/Horeca-M11077/Kuwait-City.html	Kuwait City	14 - 16 January 2019
Kuwait's Exclusive Agro Food Expo (KIAFE) 2019 ²⁷	Kuwait International Agro Food Expo (KIAFE) is the only specialized international exhibition for the Agriculture & Food Sector in the country. The exhibition focuses on; Agriculture, Halal Food, Processing & Packaging Technology, Hospitality & Catering, Hotel & Restaurant Furniture, Food Security and Food Safety. KIAFE is an ideal opportunity for exhibitors to appoint Agents, Distributors and Export to the Kuwaiti market. 20,000 visitors and 500 exhibitors attend this event.	http://www.kuwait-food.com/2019/	(KIAFE) 2019	10 – 11 April 2019

3.13.2 Direct Marketing

²⁶<https://www.tradefairdates.com/Horeca-M11077/Kuwait-City.html>

²⁷<https://10times.com/kuwait-agro-food-expo>



Direct marketing is not a widely used technique in Kuwait. Personal relations between vendors and customers are extremely important in the country. Many types of direct marketing practiced in other countries are not practiced in Kuwait due to Islamic precepts concerning gender segregation and privacy in the home. Limited direct marketing is being conducted through commercials on satellite television providing consumers with a local telephone number to arrange purchase and delivery.

3.13.3 Advertising

Advertising can be a good way to promote your products. The main channels are:

- <http://bazaar.town>
- <http://alanba.com.kw>
- <http://cpmagazine.net/about-us>
- <http://alraimedia.com>
- <http://kuwait.tt>
- <http://aljarida.com>
- <http://kuwaittimes.net>
- <http://248am.com>
- <http://arabtimesonline.com>

3.14 Market prospects

Food and beverage chains are continuing to enter the Kuwaiti market, with both retailers and restaurant brands keen to cash in on the ongoing consumer boom. Forecasts by the Central Bank of Kuwait put GDP growth at 3-3.5% this year, though some analysts estimate the economy could expand by as much as 5%. It is not just the suppliers of materials to the sector who are seeing the potential for higher turnover, with those who serve the equipment needs of the market also forecasting continued growth.

Kuwait is moving to strengthen its food security – and thus the supply chain for F&B firms – through efforts to boost local farming output and commodities processing. The country is using a mix of incentives and subsidies to lift private sector investment in agriculture and is opening up more land for food production. Kuwait is one of the leading importers of food products in the GCC region. It relies on overseas products and materials for 91% of its requirements according to local media. Apart from rising domestic demand, rising investments in tourism will also fuel growth in the food and beverage sector in the medium term. Kuwait has targeted hosting 1m tourists a year by 2015.

Multinational suppliers to see the potential in the Gulf, focusing on the region as sales flat line in some of their traditional markets in Europe and North America. Swiss-based giant Nestlé, for example, recently forecast its sales in Kuwait and the rest of the region to almost treble from \$2.4bn in 2013 to \$6bn or more by 2020.



3.14.1 Market Attractiveness of Kuwaiti Retail Market

Retail sector in Kuwait has grown at a rate of 10% during the last five years and a number of global retail brands were launched in the country during the last five years. The financial report of the contribution and capital data, sales and profits of cooperative societies for the year 2016 reported that the total sales of coop-socities was KD 990 million as compared to KD 850 million in the previous year, an increase of 13%.

Advantages	Challenges
Palestine is considered a supplier of quality organic food products	Price competitiveness of local products and imports from EU, Brazil, Turkey, New Zealand and Asian countries
Hypermarkets have become popular destinations for shopping as well as family outings.	Some local importers prefer to initiate business deals with small orders; some Palestinian exporters are not willing or able to meet
Consumers have an affinity for trying new food products.	Some food retailers require to get reimbursed for expired products they sell in their outlets.
The about 3.2 million expats that live and work in Kuwait create a strong demand for diversified and ethnic food imports.	Supply chain sustainability
Most Kuwaiti food regulations and standards are typically based on GSO standards and to some extent on EU and U.S. FDA regulations but are modified to reflect local religious, cultural and climate conditions.	Rejection of food packages which contain health claims and trade logos that may imply religious connotation, such as the "Cross" or the "Stars of David".

3.14.2 Market Attractiveness of Food Manufacturing and Foodservices Market

Fuelled by rising income growth and positive spending power, food industry is growing in the country. According to research firm BMI, Kuwait food industry is expected to grow steadily till 2020. Food sales is expected to grow at a CAGR of 5.8% during 2015-2020. Simultaneously restaurant industry is also growing in the country. This is shaped by several factors such as macroeconomic conditions, technological trends, and the investment/M&A climate. As incomes rise and the tourism sector is set to expand, the country's F&B sector is set for further growth.

Food and beverages is one of the key segment of export for Palestine. Rising food sales in Kuwait creates ample opportunities for palestinian exporters to tap into the market.



Additionally, long history of Kuwait-Palestine relation will help Palestinian exporters to leverage the Kuwait’s food products market.

3.14.3 Market Attractiveness in Kuwait Freight Forwarding Market

Growing FMCG sector, retail sector, food and E-commerce industry in the country has attributed to the growth of the freight forwarding industry in the Kuwait. The Kuwait market had entry of many foreign players as flexible policies were introduced by the government to boost the economic growth of the country. Entry of new players has further aided the demand in the freight forwarding market.

3.15 Guidelines for specific product categories

Given the broad scope of this report, we thought it useful to give specific guidelines on what to do while approaching the Kuwaiti market for the different product groups.

There is a variety of ways in which Palestinian food companies can enter Kuwait market. There will be a number of factors that will influence the choice of strategy, including, but not limited to retail marketing, e-commerce, trade shows, private label, and pop up stores.

Below are the import sources per country per product to Kuwait market:

3.15.1 Olive oil

<p>NATURELAND ORGANIC EXTRA VIGIN OLIVE OIL – 1L - Italy</p>	<p>NATURELAND PALESTINIAN OLIVE OIL - 500ML – Palestinian</p>	<p>NATURELAND ORGANIC EXTRA VIRGIN OLIVE OIL - 500ML - Italy</p>
		
<p>KWD 4.7</p>	<p>KWD 4.5</p>	<p>KWD 3</p>



3.15.2 Freekeh

Freekeh is being introduced in various recipes on the internet, TV and magazines. It is mostly positioned as a super food, and there competes with quinoa and Bulgar wheat. Positioning it this way, the following arguments are used:

- It has more protein per 100g than a boiled egg and four times the fibre of brown rice.
- It also is Low GI which means it can help control blood sugar level.
- It's also been shown to have prebiotic properties meaning it can help with digestion and it is a rich source of Calcium, Iron, Potassium, Magnesium and Zinc.

ABIDO ROASTED WHEAT FREEKEH - 500g	Freekeh Foods Freekeh Original, 8-Ounce	Freekeh Foods Freekeh Tamari , 8-Ounce
		
KWD 4	KWD 4.5	KWD 5

3.15.3 Couscous (Maftol)


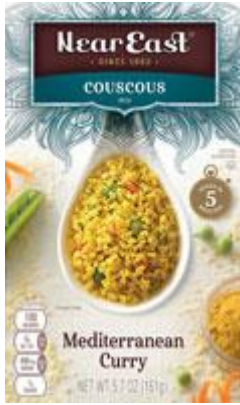

Couscous is available in the supermarkets and is sold under a large number of brands, including private label. Compared to Freekeh it is much more accepted as an ingredient in cooking, and this is also reflected in the price.

Based on the import statistics, the average import value for couscous is 1 USD per kg, with the lowest prices from France (0.86 USD/kg), China (0.75 USD/kg) and Turkey (0.69 USD/kg).

Given the fact that couscous, a reason to shift to a Palestinian exporter, especially if it is only for this product, should be an import price that is at least at local levels, such as Near East Couscous, 1.6 KWD for 5.7 oz.

If that would be feasible, the first steps would be to directly target the brands that are mentioned and supermarkets like Panda who works on private label to have their own brands.



<p>Casbah CousCous Lemon Spinach -- 7 oz</p>	<p>Near East Couscous Mix Mediterranean Curry - 5.7 oz</p>	<p>Osem Israeli Couscous Original -- 8.8 oz: https://kuwait.desertcart.com/brands/osem</p>
		
<p>KWD 1.8</p>	<p>KWD 1.6</p>	<p>KWD 1.9</p>

3.15.4 Watermelon seeds / Nuts

<p>Galil Watermelon Seeds, Roasted and Salted, 6 Ounce</p>	<p>Mello Watermelon Seeds, Lightly Salted 125g</p>	<p>Sincerely Nuts Roasted & Kosher Salt Watermelon Seeds (1lb bag)</p>
		
<p>KWD 10</p>	<p>KWD 9</p>	<p>KWD 9</p>
<p>Planters Premium Blend Mixed Nuts, Unsalted, 34.5 Ounce Jar</p>	<p>Planters Nuts Variety Pack - 24 count</p>	<p>Planters Deluxe Pistachio Mix, Salted, 14.5 Ounce Canister</p>



		
KWD 16	KWD 8	KWD 6

3.15.5 Dates/ ChocoMedjool

<p>Chocolate Covered Date Almond & Dark Chocolate Medjool 130g Delicious Tasty Choco Bites</p>	<p>Caramel Chocolate Covered Date Almond & Dark Chocolate Medjool 300g Delicious Tasty Choco Bites</p> <p>0</p>
	
KWD 5	KWD 6
<p>Baraka Dark Chocolate Covered Dates with Almonds 125g</p>	<p>Lulu Chocolate Dates 220g</p>
	
KWD 0.99	KWD 1.6



3.15.6 Cheeses

<p>PRESIDENT PLAIN GOAT CHEESE – 113gm</p>	<p>NATURELAND ORGANIC GREEK FETA CHEESE- 150G</p>	<p>NATURELAND ORGANIC PESTO COW CHEESE - 150g</p>
		
<p>KWD 1.750</p>	<p>KWD 1.950</p>	<p>KWD 2.180</p>
<p>NATURELAND FENUGREEK COW'S MILK CHEESE -150gm</p>	<p>NATURELAND CHILI COW'S MILK CHEESE - 150gm</p>	<p>NATURELAND ORGANIC GOUDA COW CHEESE</p>
		
<p>KWD 2.150</p>	<p>KWD 2.150</p>	<p>KWD 2.150</p>

3.15.7 Conserved/pickled vegetables and sauces

FOOD CHOICE PICKLED CUCUMBER - 66og	FARMERS MARKET PICKLED CUCUMBER SLICES - 300g	LA COSTENA PICKLED JALAPENO NACHOS SLICES- 44og
		
KWD 0.70	KWD 1.5	KWD 1.60
CONSERVES CHTAURA MIXED VEGETABLE PICKLED – 600g	CONSERVES CHTAURA FANCY PICKLED PIMENTOS- 550g	SERA PICKLED HOT BABY PEPPERS
		
KWD 0.80	KWD 0.70	KWD 0.70



YAMAMA TOMATO PASTE - 320g	FOOD CHOICE TOMATO PASTE – 660g	NATURELAND TOMATO PASTE JAR – 90g
		
KWD 0.40	KWD 0.70	KWD 0.60
FOODY'S TOMATO PASTE – 660g	KDD TOMATO PASTE - 135G	AL MOUNEH TOMATO PASTE – 660g
		
KWD 0.75	KWD 0.10	KWD 0.85

The consumption on pickles and tomato paste are very high in Kuwait, which sold immediately to supermarkets, hypermarkets and restaurants. Most of the imports are from Turkey, Syria and Egypt in particular, Kuwaiti also know that the pickles from the Levant is of high quality and guaranteed cleanliness. It is easy to transport, shipping and preservation. It is often packed with large, medium-sized plastic drums, or glass containers of various sizes, the most expensive is Greek and cheaper is Syrian and Jordanian. Prices range from 0.60 to 1.70 KWD. While the tomato paste comes either in cans or cartoon packs, usually 10 small pieces in a pack for 1 KWD or 0.75 KWD to 0.85 KWD per jar.



4 Legal, political and economic factors

4.1 Political climate and stability

Political Factors

Kuwait is a U.S. alliance country, in 2011 when Kuwait got freedom from Iraq there was 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 a heavy dependent on export on Oil hence the economy is not as vibrant as Saudi Arabia's economy. Therefore, any fluctuation in oil which create 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 issue faced by the citizens that they don't enter legally and get work permit 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 Kuwaiti'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. Commercial law alongside the commercial companies are the main axis of the Business laws in Kuwait. The Commercial Law of Kuwait 68/1980 Decree-Law on Trade law and its amendments, covering all commercial activities like commercial contracts, commercial agency, trademarks, trade names, unfair competition, banking operations, bill of exchange, bankruptcy etc. A new company's law in Kuwait 25/2012 offers investors a more attractive investment environment. The law provides more details and clarity than the previous one. Further, it provides guidance in relation to certain matters, as the Non-profit companies are now permissible under the Companies Law in order to undertake a social role. Moreover, new forms of companies have been introduced in the Companies Law, such as a sole person company and the professional companies. Professional companies may take the form of a closed shareholding company, limited partnership or a company with limited liability.²⁸

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.

²⁸ <http://www.nyulawglobal.org/globalex/Kuwait1.html#FocusonBusinessEconomicLawinKuwait>



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% of a commercial entity in Kuwait, although this ownership was limited to the infrastructure, insurance, hospital, housing, tourism and entertainment sectors.

4.3 Trade agreements

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 five% 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.²⁹

²⁹ <https://www.export.gov/article?id=Kuwait-Trade-Agreements>



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.

Kuwait prohibits the importation of certain goods mainly for religious considerations, as well as meeting the requirements of international conventions and following UN sanctions, security, health and safety, moral, and environment protection. Products prohibited from importation cover, inter alia, food products containing alcohol, pork and their derivatives, as well as cars and trucks with the steering wheel to the right or the modified steering wheel

Up to 13 October 2011, Kuwait had made 69 notifications of standards and technical regulations to the WTO; 56 were notified under Article 2.9 of the TBT Agreement, 52 by the Standards and Metrology Department (KOWSMD), and the other 4 by the PAI directly. The period for comment for these notifications was 60 days. Around 70% of the notifications were on technical regulations (i.e. mandatory); more than half related to motor vehicles, while the rest covered foodstuffs, and halal food.

Kuwait has three technical regulations covering labelling of pre-packaged foodstuffs, food additives, and packaged tobacco products. All packaging containing foods should have a sticker 22 Kuwait Chamber of Commerce and Industry online information. Viewed at: <http://www.kcci.org.kw/>. The State of Kuwait WT/TPR/S/258 Page 39 showing the name of the product, the contents, the net and gross weights, the country of origin, date of production, and date of expiry in Arabic. In general, labels must be in Arabic and any other language.

Technical regulations are applied on the packaging of non-returnable glass bottles for carbonated beverages, tea and herbs bags, and food packages. A voluntary standard applies to the production, processing, labeling and marketing of organically produced food; and a standard (GSO150:2007) on shelf life covers expiry periods for food products, which includes both a mandatory and a voluntary expiry period. According to the authorities, this standard is under modification.

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: 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:³⁰

Item description	Hscode classification	Hscode description	General duty (%)
Food Additives	9-10-99-90	- - - Other	5
Bbq Grilling Food Spray	21-6-90-99	- - - - Other	5
Pasta Stuffed > 20% Seafood	19-2-20-20	- - - Stuffed With fish, custaceans and molluscs	5
Food Preparations Containing Liqueurs	21-6-90-99	- - - - Other	5
Food Supplements In Capsules	21-6-90-99	- - - - Other	5
Food Supplements In Liquid	21-6-90-99	- - - - Other	5
Food Supplements Other	21-6-90-96	- - - - Muscle growing Preparations	5
Food Supplement Sugar Free Fat Free	21-6-90-99	- - - - Other	5
Food Supplements Containing Cocoa < 70% Of Sucrose	18-6-90-90	- - - Other	5
Electric Food Preparation Appliance Electrothermic	85-16-79-90	- - - Other	5

³⁰ <https://customsdutyfree.com/hs-code-search/>



5 Acronym

- ISO – International Organization for Standardization
- HACCP – Hazard analysis and critical control points
- CAGR – Compound annual growth rate
- GAFTA – Grain and Feed Trade Association
- KWD – Kuwaiti Dinar
- MGR - Mass grocery retail
- UCCS - Union of Cooperative Societies
- TSC - The Sultan Center
- SAR - Saudi Riyal
- OAA - Office of Agricultural Affairs
- KUM - the Kuwait Municipality
- MOPH - the Ministry of Public Health
- MOCI - Ministry of Commerce and Industry
- PAAFR - Public Authority for Agricultural Affairs and Fish Resources
- KISR - Kuwait Institute for Scientific Research