KUWAIT

Business Conditions Snapshot

- Kuwait is a small wealthy trading nation with six per cent of the world’s proven oil reserves.
- Kuwait’s economy is dependent on the oil sector, accounting for approximately 40 per cent of its GDP and 90 per cent of government revenue.
- Its significant wealth, robust financial system and public-sector driven economy should help it endure the global downturn better than most economies in the region.
- Strict COVID-19 containment measures contracted the economy in the first half of 2020. While Kuwait is showing signs of recovery, global supply chain disruptions have presented food security challenges. Almost 98 per cent of its food is imported – Kuwait imported A$10 billion worth of food in 2018 (latest UN trade data).
- The Kuwait Investment Authority (KIA) is the fourth largest sovereign wealth fund in the world with assets worth A$760 billion. In 2019 its investment income reached almost 12 per cent of GDP and is forecast to reach over 15 per cent in 2020.
- Kuwait seeks to diversify its economy away from the oil sector by attracting foreign investment and building private sector growth.

Trade and Investment Opportunities

- Australia’s bilateral trade relationship with Kuwait is significant.
  - Two-way trade amounted to about A$664 million in 2019 (excluding exports trans-shipped through Dubai).
- Despite the collapse in automotive exports after the closure of the Australian car manufacturing industry, Australia’s merchandise exports to Kuwait have stabilised and are once again returning to growth.
- Kuwait is a large and growing market for Australian wheat, dairy, meat, fruits and vegetables.
– In 2019 Kuwait imported over A$175 million worth of wheat, A$95 million worth of meat and A$29 million worth of dairy products.

– The country’s meat shelf life policies and paper-based export documentation authentication requirements are barriers to greater Australian exports of chilled meat.

– The Australian Government is collaborating with industry and working with the Kuwait authorities to streamline the country’s export procedures and inform its policies on meat shelf-life.

• Kuwait is one of the largest foreign investors in Australia from the Middle East.
  – According to ABS figures, Kuwait investment was worth A$13.4 billion in 2019.
  – Much of its investment in Australia is not fully captured in official figures because it’s mostly made through holding companies and minority shareholding consortiums across a range of sectors, including infrastructure, real estate, equities, resources and renewables.

• The KIA regards Australia as an attractive investment destination with opportunities in renewables, brownfield infrastructure and real estate.
  – The KIA is estimated to have A$11.5 billion worth of investments under management in Australia.

• The Kuwait Foreign Petroleum Exploration Company has around A$11 billion invested in Australian oil and gas fields and is a partner in the Wheatstone LNG project.
  – KUFPEC is also developing potential oil and gas exploration projects in partnership with Woodside Energy in the North West Shelf.

• Kuwait’s public sector pension fund manager—the Public Institution for Social Security (PIFSS)—is actively investing overseas.
  – PIFSS is reducing cash holdings and investing more in Australia.
  – It has A$830 million worth of assets under management in Australia including A$350 million in commercial real estate, A$400 million in equities and fixed income, and A$40 million in infrastructure.

• Australian companies can take advantage of opportunities across Kuwait’s broad business activities.

• Kuwait is one of the world’s top energy sector investors, with a range of mega-projects underway and opportunities for collaboration.
  – The Gulf Cooperation Council is planning to increase infrastructure spending to boost its GDP growth from non-oil infrastructure. This includes:
    » Technology and services for transport facilities.
    » Utilities (power and water).
    » Healthcare.
» Educational institutions, including higher education and vocational training.
» Premium food.

- Recent supply chain disruptions may generate opportunities in sustainable domestic food.
  - This includes agricultural production, including vertical farming and production techniques in dryland farming, along with other agribusiness technology.

- Kuwait is Australia’s fourth largest Middle East and North Africa higher education services market. Approximately 400 to 500 Kuwaiti students studied in Australia in 2019.
  - Australia’s effective COVID-19 response compared with other leading international student markets may present opportunities for Kuwaiti students to study in Australia when borders have re-opened.
  - Two private education providers – Australian College of Kuwait and Box Hill College of Kuwait – have well-established campuses in Kuwait with a combined total of approximately 4,000 students. These institutions have quality assurance and accreditation with Australian institutions.

Trade Policy and Negotiations
- Kuwait became a GATT signatory in 1963 and has been a WTO ‘developing country’ member since 1995.

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