



Economic Report 2024

Kuwait

01 July 2024

Executive Summary

Kuwait's economy **literally depends on oil** which accounts for approx. 95% of exports and 90% of government revenues. Kuwait is OPEC's 5th-largest crude oil producer (and 10th worldwide) with more than 102 billion barrels in proven oil reserves in 2022, which represents around 6% of the world's total reserve. The new oil and gas discoveries every year make its oil reserve sustainable for the next 100 years, while the inevitable fluctuations in oil prices have a decisive impact on the country's economy and finances. The historical savings from oil profits over the years were accumulated in the Kuwait Investment Authority KIA, which manages the asset of the **Kuwait Sovereign Wealth Fund** (Future Generation Fund, General Reserve Fund), the oldest sovereign wealth fund in the world (est. in 1953). The KSW is currently the 5th largest sovereign fund in the world with assets exceeding **USD 1000 billion**. KIA's stakes are distributed e.g. in ports, airports, and power distribution systems around the world.

Kuwaiti is a **generous welfare state**. About 80% of the Kuwaiti workforce are working in the public sector, which is a challenge to public finances due to the growth of the Kuwaiti population. It is largely admitted that the **highly dependence on oil requires structural reforms** which are however unpopular and were therefore stalled by the majority of the Parliament in the past years. In order to overcome the long stalemate and improve the governance, **the Amir of Kuwait dissolved the Parliament in May 2024**. Local and international observers expect that this radical move will finally allow the adoption and implementation of the structural reforms needed by the country and its economy (a "**New Era**" for the country is announced).

In 2023, Kuwait's economy faced a moderate down turn due to additional OPEC+ oil production cuts, leading a projected GDP decline of 0.7%. The non-oil sector grew at 3%, driven by a strong private and government consumption. Inflation remained moderate at 3.7%. The fiscal balance showed a deficit of 1.1 billion Kuwaiti dinars in the first ten months of FY23/24, driven largely by current expenditures. **For 2024**, the IMF projected a 1.4% contraction in Kuwait's economy, with oil production decreasing by another 4.3% due to OPEC+ quota cut. The non-oil sector is expected to expand by 2% as domestic demand growth picks up.

For Switzerland, Kuwait is and remains an interesting partner, with several potential opportunities:

- **Extremely favorable political and economic climate towards Switzerland**: rich population (in 2023, Kuwait was ranked third in the world for the percentage of millionaires in relation to the adult population.), strong purchasing power of the Kuwaiti Dinar, people-to-people ties dating back to the 1930s (thousands of Kuwaitis have been visiting Switzerland for decades, and also own apartments/houses in our country). There is therefore an **important market for Swiss goods**.
- **FINTECH**: since the country aims at diversifying its economy.
- **Agriculture**: Kuwait's quest for food security is a top priority (95% of the food being imported).

- **Health:** needs in this sector are important, and the country wants and can afford highest standards.
- **Sustainable/renewable energy:** improving the ecological footprint of the oil/gas sector and/or develop alternative sources of energy is also a political top priority.
- **Water:** improving the ecological footprint, e.g. of the desalination industry.
- **Infrastructures** (e.g. Gulf Cooperation Council's railway project).
- **Iraq:** potential logistics base from which to enter and cover the large Iraqi market.
- **Free-trade zone projects:** "Nuwaiseeb", on the border with Saud Arabia, "Northern Gulf Gateway project" (Silk City), on the border with Iraq. Also Abdali, Al Na' Ayem and Al Wafra Economic Zones.
- **Tourists from Kuwait:** an important market for all sectors connected to tourism in Switzerland.

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1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

In 2023, Kuwait's economy faced a down turn due to additional OPEC+ oil production cuts, leading a projected GDP decline of 0.7%. The non-oil sector grew at 3%, driven by a strong private and government consumption. Consumers card spending went up 8.7% but real estate and household credit slowed. Inflation remained high at 3.7%. In 2024, Kuwait's economy is expected to remain quiet, although higher oil prices are anticipated to alleviate fiscal pressures. The non-oil GDP growth accelerated to 2.8% in Q3 2023 but appears to have weakened over the entire year. The oil sector's GDP contracted by 9% year-on-year in Q3 2023 due to cuts by OPEC+. As a result, the overall GDP declined by 3.7% year-on-year in the same period. The fiscal balance showed a deficit of 1.1 billion Kuwaiti dinars in the first ten months of FY23/24, driven largely by current expenditures.

The Kuwaiti economy faces a mixed outlook in 2024. Higher oil prices are expected to provide some relief to fiscal pressures, but significant challenges remain in terms of economic diversification and structural reform. The stable outlook on credit ratings reflects strong financial buffers, but continued political and economic reforms are crucial for long-term growth and stability. Without these reforms, fiscal imbalances could grow, potentially weakening the country's economic position despite its strong net external creditor status.

Economic Indicators

Despite the expected challenges, Kuwait's real GDP is projected to grow by 2.4% on average from 2025-2027, after a 2.3% contraction in 2024. The credit ratings for Kuwait remain strong, with S&P Global Ratings affirming the country's 'A+/A-1' credit ratings and a stable outlook. Inflation decreased to 3.4% year-on-year in February 2024 and is on a downward trend. It is important to point that inflation rates in the GCC have remained under the global average, despite recent upticks in food prices. It is expected to average 2.3% from 2024-2027, as mentioned in the S&P global Ratings.

Fiscal and External Positions

Kuwait is expected to continue experiencing fiscal deficits between 2024 and 2027 (IMF predictions) despite possessing large fiscal net assets. These fiscal imbalances could grow significantly in the absence of fiscal reforms or if oil prices weaken. However, Kuwait's position as a net external creditor remains among the strongest of all rated sovereigns. The banking sector is resilient with strong financial soundness indicators, and the country's public and external balance sheets are strong, with substantial government financial assets offsetting the economic concentration in the oil sector and oil price volatility.

Sector Performance and Activity

Oil prices surged in Q1 2024, with Kuwait Export Crude (KEC) rising 8.5% quarter-on-quarter to \$86.3 per barrel by the end of March. This rally was driven by OPEC+ supply cuts and stronger-than-expected global oil demand. Kuwait's crude production in Q1 2024 aligned with its OPEC quota of 2.41 million barrels per day. In the non-oil sector, data from the Central Statistical Bureau (CSB) shows that non-oil GDP grew by 2.8% year-on-year in Q3 2023, driven by gains in financial services (+2.7% y/y), public administration (+1.0%), and transportation & storage (+28%).

Market Trends

Real estate sales weakened in Q1 2024, totaling KD697 million (-9.5% q/q; -2.3% y/y). The decline was primarily in the commercial property sector, while sales in the residential and investment sectors saw slight increases. Seasonal factors, including the month of Ramadan, may have contributed to the lower transaction volumes. Project awards in Q1 2024 fell significantly to KD98 million (-78% q/q; -80% y/y), the lowest in two decades. However, significant projects like Al-Zour IWPP phases 2&3 are expected to progress later in the year. Post-pandemic, consumer spending has been a key driver of non-oil activity, but growth has slowed significantly. Central bank data shows total card spending grew by 5.4% year-on-year in Q4 2023, down from 8.7% in Q3 2023 (number from the CSB). Limited growth is expected in 2024 amid challenging macroeconomic conditions, though sustained high oil prices could boost consumer confidence.

Political Developments

In May 2024 the Amir of Kuwait dissolved the Parliament "for a period of no more 4 years". Domestic and international observers expect this move to raise the speed of the adoption and implementation of the reforms needed to fix the economy. It will take at least one or two years to judge whether this new institutional environment will have increased the effectiveness of public governance.

Outlook and Challenges

Kuwait's economic outlook remains stable due to strong public and external balance sheets, with substantial government financial assets offsetting economic concentration in the oil sector and oil price volatility. However, the country faces several challenges, including sluggish global growth, high interest rates, and slow reform momentum. Structural and fiscal reforms were lagging behind compared to peers regionally, and Kuwait's heavy reliance on the hydrocarbon sector exposes it to oil market volatility. Observers are expecting a change to the positive on some of the above-mentioned points, with reforms that are proposed by the executive branch (in line with *Kuwait Vision 2035*). The fruits of these changes should be observable in the coming years.

Digital transformation is one of the pillars of the *Kuwait Vision 2035*. The country is focusing on adopting smart and digital technologies to innovate services, drive the economy and improve quality of life. The country's ICT market is expected to reach 10 billion USD by the end of 2024 and the country's digital information strategy is pushing greater investment in Kuwait's ICT market and enhancing operational efficiency and performance of key sectors. The ICT goal also aims to push the country's plan to transform it into a digital society and economy by improving government performance through digital transformation and building a robust cyber security infrastructure to prevent attacks and protect digital assets.

Renewable energy is also part of the *Kuwait Vision 2035* and Kuwait is aiming at doubling renewable energy production from 15 to 30% by 2030 to 50% by 2050. These goals are part of the strategy of the Ministry of Electricity, Water, and Renewable Energy announced in March 2024. Kuwait is executing a number of green projects like Shagaya Renewable Energy Park and Al-Dibdibah photovoltaic (PV) solar project, among others. Currently, the country is reliant on fossil fuels for energy generation and water desalination. By 2030 Kuwait's energy demand is expected to triple.

In line with its *Kuwait Vision 2035*, Kuwaiti authorities are also implementing measures to **improve fiscal revenue collection** and spending efficiency. However, a **debt law** which is still required to allow Kuwait to tap international capital markets in the event that the budget is in deficit.

The repeated institutional blockages and delays between the executive and legislative powers in the past years have led to successive government reshuffles and dissolutions of parliament, hampering investments, projects and economic fiscal reforms. The **new institutional framework** after the suspension of the Parliament by the Amir in May 2024 is expected to lead to a **more effective and efficient governance** in all sectors and in particular as to the structural reforms which are needed. Overall, **the main challenge** remains the **exorbitant reliance on oil** (as almost the single source of income).

Despite the challenges, **Kuwait offers various opportunities to Swiss companies**. Paradoxically, the country's delay in reforms and development projects means that there is still an important potential to materialize, especially now, with the new institutional framework and the expected "New Era" for Kuwait.

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

Kuwait's economy largely depends on oil, which accounts for almost 95% of exports and 90% of government revenues. Kuwait is OPEC's fifth-largest crude oil producer (and tenth worldwide) with more than 102 billion barrels in proven oil reserves, which represents around 6% of the world's total reserve. The new oil and gas discoveries every year make its oil reserve sustainable for the next 100 years. The historical savings from oil profits over the years were accumulated in the Kuwait Investment Authority (KIA), which manages the asset of Kuwait Sovereign Wealth Fund (Future Generation Fund (FGF) / General Reserve Fund, GRF), the oldest sovereign wealth fund in the world (founded in 1953) and the third-largest sovereign fund in the world with assets currently estimated at 1000 billion USD.

In line with its *Vision 2035*, Kuwait aims at developing its renewable energy sector. In particular, Shaqaya Phase III will include a solar Photovoltaic (PV) plant, a Concentrated Solar Power (CSP) plant, and a wind power plant. The three plants will produce a total renewable energy of no less than 2,000 MW. In any case, the oil and petrochemical sectors will remain the backbone of Kuwait's wealth for a long time.

It is largely admitted that the highly dependence on oil requires structural reforms which are however unpopular and therefore delayed by the majority of the deputies elected by the voters. The lack of reforms is not facilitating doing business in the country, considering in particular the impressive developments in the other countries of the region. Nevertheless, Kuwait offers many opportunities for Swiss companies.

In general, among the positive factors we can underline the **extremely favorable political and economic climate towards Switzerland**, as well as the **rich**, the **strong purchasing power** of the Kuwaiti Dinar, the **people-to-people ties** dating back to the 1930s (thousands of Kuwaitis have been visiting Switzerland for decades, and also own apartments/houses in our country). More specifically, the potential opportunities for Swiss business actors are in particular the following:

1. **Export of Swiss luxury goods:** the Kuwaiti society is fond of luxury goods and high-quality brands, e.g. watches. The high purchasing power of the Kuwaiti dinar makes high end products and luxury goods accessible to almost all.
2. **FINTECH:** in the framework of the efforts to diversify its economy, the financial services and digitalization are one of the priorities.
3. **Agriculture:** Kuwait currently imports about 95% of its food and is therefore striving to develop its agricultural field. Food security is a political top priority and this field offers many opportunities, especially sustainable and smart solutions to reduce water energy consumption.
4. **Health:** needs in this broad sector are important, and the country wants and can afford the highest standards. The construction of new specialized hospitals is creating opportunities. The government is e. g. working on the expansion of three major hospitals as part of its plan to boost the bed capacity across the country. Kuwait's pharmaceutical sector is witnessing a growing number of partnerships with multinational drug makers.
5. **Sustainable/renewable energy:** improving the ecological footprint of the oil/gas sector and/or develop alternative sources of energy is also a top political priority. Kuwait remains overwhelmingly reliant on the export of oil. Industrial projects centered upon the hydrocarbon sector will remain a focal point of government investment in infrastructure. Sustainable and key green energy solutions are crucial to this sector.
6. **Water:** improving the ecological footprint, e.g. of the desalinization industry, which provides virtually all the water consumed by the local population.
7. **Infrastructures:** due to regional pressure, the GCC railway project has some chances to be implemented in Kuwait, despite the delays of the past years. It is noteworthy that the establishment of "Nuwaiseeb", a new free trade zone on its border with Saudi Arabia, is considered a vital project that will attract foreign investment given that the railway will be built next to it. The 2,177 km-long Gulf Railway system is expected to connect all six of the GCC countries in Eastern Arabia.
8. **Platform for the Iraqi market:** Kuwait's geographic position plays a crucial role; sharing borders with Iraq makes it a potential platform to enter and cover the large Iraqi market. Kuwait has maintained open diplomatic channels and supported the stability of Iraq, which offers an enormous potential for commerce.
9. **Free-trade zone projects:** "Nuwaiseeb", on the border with Saudi Arabia, "Northern Gulf Gateway project" (Silk City), on the border with Iraq. But also the Abdali, Al Na'ayem and Al Wafra Economic Zones.
10. **Kuwaiti tourists in Switzerland:** Switzerland is traditionally one of the favorite countries of Kuwaitis when it comes to tourism. It is estimated that Kuwaiti tourists spent more than 10 billion CHF abroad during the first nine months of 2022. According to studies of the UNWTO, Kuwaiti tourists are spending appreciably more at their destinations than the average tourists. This represents an important opportunity for the various sectors connected to tourism in Switzerland (hotels, restaurants, leisure, shopping, sports etc.). Not to be neglected are also winter and summer camps for young people.

3 FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

Generally speaking, since its independence in 1961, the State of Kuwait has pursued a balanced, fair and ambitious foreign policy, characterized by its openness and its rich and multipolar ties with the international community. For example, the country is a stable ally of the United States but at the same time it was the first GCC country to sign a MoU with China.

Traditionally, and for obvious reasons, the country's policies and priorities have been shaped by the predominance of the oil sector. In recent years, Kuwait has shown special interest in diversifying its economy. It has also strengthened its economic ties with Far Eastern trade partners, especially large importers of Kuwaiti oil like China, Korea and Japan. Turkey and India are also growing economic partners of Kuwait.

When signing the MoU to become a "dialogue partner" of the **Shanghai Cooperation Organization** (May 2023), the Kuwaiti authorities stressed that this rapprochement is in line with the country's foreign policy objectives, in particular strengthening trade links, food security and energy security. Kuwait is

also engaged with the **Belt and Road Initiative**. According to BRICS sources, Kuwait has also shown an interest towards **BRICS+**.

Regional trade agreements:

In force:

- Gulf Cooperation Council (GCC)
- GCC with EFTA
- GCC with Singapore
- Pan-Arab Free Trade Area (PAFTA)

Under negotiation:

- GCC - Australia
- GCC - Japan
- GCC – India

As a GCC member, Kuwait has also signed some International Treaties with Investment Provisions (TIPS): GCC-Peru, GCC-USA, GCC-EFTA FTA, GCC-Singapore FTA, GCC-India Framework agreement, GCC-Lebanon FTA, EC-GCC Cooperation Agreement, GCC Economic Agreement, OIC Investment Agreement, Arab Investment Agreement and Arab League Investment Agreement.

Bilateral investment agreements:

Kuwait signed [at least 93 Bilateral Investment Treaties](#) with nations such as 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.

With the USA, Kuwait signed a “Trade and Investment Framework Agreement” in 2004.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

Agreements already in force between Switzerland and Kuwait:

- Agreement on the Protection of Investment (1998)
- Agreement on the Avoidance of Double Taxation (1999). The Double Taxation Agreement went into force in September 2013 and after that, the two sides negotiated an amendment of two articles. The protocol of amendment of the agreement was signed in November 2019, and is still pending for the Kuwaiti side to be ratified, most probably due to consecutive institutional crises of the past years.

In the absence of significant Swiss direct or indirect investments in Kuwait, the agreements on Investment Protection and Double Taxation are more advantageous to Kuwait, whose investments in Switzerland are substantial.

- The Air services agreement between Switzerland and Kuwait in 1968 was renegotiated on the sidelines of the ICAO Conference of July 2010 in Jamaica, because Kuwait wanted to introduce an open-skies policy. Further liberalizations were thus agreed upon regarding the national clause of the carriers. A protocol of amendment was signed in Turkey in October 2015, and the constitutional formalities for its entry into force were communicated in October 2016 by the Kuwaiti side. The amended protocol entered into force in 2018.

4 FOREIGN TRADE

4.1 Developments and general outlook

With proven oil reserves estimated at more than 102 million barrels, Kuwait can maintain the current level of production for the next 100 years. New and cleaner extraction techniques to increase and improve oil production, along with the discovery of new fields, make Kuwaiti oil sustainable on the very long term.

4.1.1 Trade in goods

Exports:

Exports were estimated at KWD 25.797 billion (USD 84.854 billion) in 2023, a decline of -15%.

Oil accounted for approx. 90% of total exports. Major export partners respectively are UAE, KSA, India, China, Iraq, Pakistan and Qatar.

Imports:

As agriculture is virtually non-existent and with a very modest manufacturing industry, Kuwait relies heavily on imports to meet domestic demand for a very wide range of products, from foodstuffs and consumer goods to equipment, vehicles, and industrial technologies.

Imports, excluding military procurements, were estimated at KWD 11.515 billion (USD 37.07 billion) in 2023, an increase of 4.64% compared to previous year.

The main sources of import are Asia-China (60% of total imports) followed by Europe (24% of total imports) and by the Americas (14% of the total imports)

(All statistics are from the foreign trade report of the Kuwait Central Bureau of Statistics CBS.)

4.2 Bilateral trade

4.2.1 Trade in goods

The trade balance has always been overwhelmingly in favor of Switzerland, since Switzerland does not import oil products directly from Kuwait. The very modest Kuwaiti exports to Switzerland are, in fact, re-exports of Swiss merchandise goods (mostly watches and jewelry), which enter Kuwait temporarily for exhibition purposes and are then "exported" back home. Swiss imports of plastic and rubber registered an increase of 21% while vehicles and airplanes imports increased by 160.5% during 2022. Swiss merchandise exports to Kuwait increased by 9.6% in 2022, reaching 524.98 million CHF.

Kuwait is an attractive market in particular for pharmaceutical products, which account for (31.3%) of exports, watches (31.7%), agricultural products (13.6 %), whereas jewelry and precious metals, representing (8.4%) of exports, have registered an increase of 83.3%.

A sudden sharp rise in Swiss exports in any given year is often linked to large supplies of machinery and equipment for one major project.

According to the figures provided by the Swiss Federal Office for Customs and Border Security, **Switzerland exports to Kuwait** (including gold) in 2023 amounted for a value of approx. 762 million USD (642 million CHF, exchange rate on the 31.12.2023; an increase of 22% from 2022). **Switzerland's imports from Kuwait** (including gold) in 2022 amounted to approx. 22,6 million USD (CHF 19 million, exchange rate 31.12.2023; an increase of 50.2% from 2022). Based on these figures, Switzerland is Kuwait's 10th largest trading partner. The actual figure for Swiss exports to Kuwait should in the reality be higher, taking into account re-exported Swiss goods from, for example, the UAE (as the regional hub for some companies).

Swiss gold ingots, Swiss watches, immunological products and medicaments topped the list of imports. Luxury products are highly valued by the rich Kuwaiti society. The Swiss industry with its advanced technology has always been a center of attraction for Kuwaiti companies.

4.2.2 Trade in services

Swiss banks and wealth management firms, as well as a Swiss forwarding company and an insurance firm, are doing business in Kuwait (although without a permanent physical presence). There is also a noticeable demand for Swiss consultancy services (engineering, management, and training).

5 DIRECT INVESTMENTS

5.1 Developments and general outlook

In the **Kuwait Vision 2035**, the government aims to boost FDI considerably by the end of the plan's term. One channel of FDI into Kuwait is regulated by the **Kuwait Direct Investment Promotion Authority (KDIPA)**, which was established by Law No. 116 of 2013. This law marked a significant change in the framework for promoting FDI and grants KDIPA a broad remit. The institution's responsibilities include processing applications for new investments, promoting Kuwait at international forums, supporting the development of domestic capabilities to attract FDIs, and ensuring progress in terms of technology transfer and job creation for citizens and acquire hi-tech training and developed techniques. As a result of the authorities' efforts, more than 50 foreign companies have invested in Kuwait in areas, such as ICT, health, renewable energy, education, and entertainment.

Kuwait Foreign Direct Investment (FDI) increased by 372.4 million USD in September 2022, compared with an increase of 7.5 million USD in the previous quarter (CEIC Data, 2023). The Kuwait Direct Investment Promotion Authority intelligence unit pointed out that incoming flows have tended to decline since 2016. However, it expects these inflows to rise to a still modest annual average of about 600 million

USD in 2022-2026, as the gradual privatization of state assets provides opportunities for foreign investors, and projects are being launched. Public-private partnerships go beyond the utilities sector and infrastructure projects as part of the New Kuwait Vision 2035 development plan (Kuwait Direct Investment Promotion Authority, 2022).

Due to its impact on global supply chains, the pandemic provided Kuwait with an opportunity to strengthen its international ties. Kuwait has moved to strengthen its medical supplies and its food security through increased international cooperation with China, the USA, Egypt, India, Pakistan, Turkey, and Europe in addition to that it has engaged to increase its investments in agriculture technology.

5.2 Bilateral investment

a) Swiss investment in Kuwait: Swiss investment in Kuwait is negligible in the absence of joint ventures or Swiss acquisitions. Only a handful of Swiss firms have small non-manufacturing branches/subsidiaries. The majority of Swiss firms operating in this market are doing so through local agents. Also Swiss banks continue to operate from the outside (with regular visits to Kuwait, from Dubai or from Switzerland).

The Ministry of Commerce and Industry issued a new rule in December 2018, which allows foreign investors to own and trade in local banks' shares. The ownership of a foreign investor shall not exceed 5% in any Kuwaiti bank. The latest decision comes ahead of the index-compiler MSCI's anticipated move to upgrade Kuwait to emerging-market status.

In November 2020, Roche Diagnostics Middle East got its license to operate and expand its local diagnostic operations in the country; after establishing a new company in Kuwait supported by Kuwait Direct Investment Promotion Authority KDIPA. The new offices were inaugurated in November 2022.

Sika Kuwait was incorporated in Kuwait in 2016, dealing in construction chemicals like admixtures, waterproofing, flooring, silicones, refurbishment, etc. Since then, according to its growth strategy, Sika was able to expand through acquisitions.

b) Kuwait Investment in Switzerland: The steady accumulation of wealth over the 20 years of high petrol prices, the political and security uncertainties of the region, and the highly speculative nature of the local stock market have driven many savvy Kuwaiti investors onto global markets, including Switzerland.

The Swiss Financial Center remains very attractive to Kuwaiti institutional and individual investors, who mostly favor indirect investment through managed funds and stock portfolios. Although Kuwait Investment Authority (KIA), the Government's financial arm, is rather secretive about the size and allocations of its investments, **according to reliable sources, the Kuwaiti sovereign fund's investments in Switzerland exceed USD 15 billion (2024)**. Kuwaiti individual investors are also believed to weigh in as heavily, having a variety of business interests in Swiss banks, hotels, watch industry, fast-moving consumer goods (FMCG), real estate, and financial institutions. No figures are available, however.

The National Bank of Kuwait - Kuwait's largest commercial bank - has a branch in Geneva and one of Kuwait's largest corporations listed on the stock market - Agility Logistics Co. - has moved its international headquarters to Zurich and the management of its European operations to Basel.

More than 20 years ago, a group of influential Kuwaiti investors established a company — Helarb — in Lausanne for investing in the capital stock of industrial and manufacturing projects in Switzerland. In 2014, it acquired an industrial plant that manufactures parts and accessories for watches for CHF 30 million.

Kuwait Investment Authority (KIA) is e.g. a major shareholder of the hotel chain Victoria-Jungfrau-Collection in Switzerland.

The Arab-Swiss Chamber of Commerce and Industry (CASCI) was created in 1974, established to promote the economic and cultural relations between Switzerland and Arab Countries members of the League of Arab States.

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

Switzerland Global Enterprise (S-GE) is the official Swiss organization for export and investment promotion with offices throughout Switzerland and in 31 countries. The Swiss Business Hub Middle East (SBH ME) based in Dubai, is the representative of the official trade and investment promotion agency S-GE. The SBH ME is the central point of contact for Swiss and Liechtenstein small and medium-sized enterprises (SMEs) seeking export opportunities and support in the Middle East.

The main activities of the Hub are business partner search, legal clarification and general support in business development. Since its inception, the SBH ME has been organizing yearly country consulting events (Länderberatung) in the GCC States. The Hub is also organizing Swiss participation in international fairs held in GCC countries (Dubai Expo 2021), as well as sectorial events in Switzerland (food, health, construction) to support Swiss companies wishing to export to the GCC region. Greater emphasis will now be laid on the promotion of Switzerland as a business location, while the Hub also helps GCC importers find the appropriate Swiss suppliers and business partners.

Switzerland Tourism (ST) organizes annual GCC Road Shows, which are tours of the GCC countries for representatives of ST cantonal offices. Successful events were organized in 2022 and 2023, with the involvement of the Swiss ambassador. The GCC travelers played an important role in tourism thanks to their spending power and lifestyle (spending in average 10'000 USD per family on their trips).

A successful Fact-Finding Economic Mission was organized by the Embassy and the SBHME in May 2023, with some 30 Swiss companies represented. The mission offered a privileged framework for B2B meetings, to explore potential opportunities to boost bilateral trade and investments. Various sectors were represented: finances, cleantech, construction, IT & digital, education, food etc. The interest was strong on both sides. Another mission might be organized in the first quarter of 2025.

In the framework of the successful events of May 2023, the Embassy announced **the launch of a Swiss-Kuwaiti Business Platform (SKBP)**, to promote networking and advocacy in the relevant communities. The SKBP will connect businesspeople on both sides and is expected to become operational from the autumn 2023. It is also to be mentioned that the German Business Council in Kuwait (GBCK) also comprises representatives from Swiss companies, together with German and Austrian.

Individual company events are also organized from time to time, often associated with the official launch of a Swiss product, mostly consumer goods, like food items, cosmetics, and watches. In 2023 and 2024 several specific events were organized by/with Swiss companies and banks and hosted at the residence of the Swiss ambassador. The watch market remains particularly active and prominent, we can for instance mention the opening of a second Tudor boutique in 2022, and a Chopard third boutique in 2024.

The Kuwaiti business community is always welcoming new business projects. Swiss companies interested in the Kuwaiti market may do business through local agents, proceed with their own business network or through S-GE. They are always welcome also to contact the Swiss Embassy in Kuwait.

6.2 The host country's interest in Switzerland

Switzerland continues to be a preferred destination for Kuwaiti tourists. To many prominent Kuwaitis, Switzerland is a kind of second home. Traditionally, Geneva and the Arc Lemanique are attracting most Kuwaiti tourists, with many of them owning property there - or people having assets invested in Switzerland. We observe a growing interest also in other parts of Switzerland, notably the Canton of Ticino, which attract Kuwaitis who spent a couple of weeks in the North of Italy (Milano) and decide to spend some hours or a couple of day in Lugano. The improved railways connections to Lugano from both the center of Milano and the Malpensa Airport are contributing to this trend, according to our conversations with several Kuwaiti tourists. Swiss ski resorts are also popular among Kuwaitis.

Health tourism for treatment and well-being (spas, rejuvenation, and plastic surgery) has always attracted wealthy Kuwaitis (see point 2.7.).

The visa issue remains important. Thanks to additional efforts, it was possible to increase the human resources available in the Regional Consular Center in Doha in order to double the slots for visa appointments since May 2023. Pending the Schengen visa waiver for Kuwait, a notable improvement came in October 2023 with the systematic issuing of 5-year multiple visas by all Schengen embassies.

Concerning education, Swiss summer school camps are of particular interest to Kuwaitis and affluent foreigners living in Kuwait. Representatives of Swiss private schools, some of them based in Dubai, are frequent visitors to Kuwait. In February 2019 the embassy sponsored a successful event for the Swiss International Scientific School in Dubai. University studies are by far less popular given the language barrier. A memorandum of understanding (MoU) was signed between the Hochschule St. Gallen and the University of Kuwait for cooperation in the field of economics and trade studies, and a similar agreement linking the UNIK and the Université de Genève since 2014 should pave the way to an exchange of students. In 2022, a research institution from Kuwait, "Dasman Diabetes Institute", was awarded a "Research partnership grant" from the Leading House MENA and a MoU for cooperation in research projects with the University of Lausanne is under consideration (2024).

ANNEX 1 – Economic structure

Economic structure of Kuwait

Percentage Distribution of yearly Gross Domestic Product at Current Prices		
<u>Percentage Distribution (%)</u>		
Economic activity	2022	2023**
Oil sector	53.0	47.4
Non-oil sectors	47.0	52.6
Agriculture and fishing	0.4	0.5
Extraction of crude petroleum and natural gas and service activities incidental to oil and gas	53.0	47.4
Manufacturing	7.9	7.6
Electricity, gas and water	1.9	2.4
Construction	2.8	3.3
Wholesale and retail trade	3.7	4.2
Hotel and restaurant	0.6	0.8
Transport	2.2	3.1
Tele	3.1	3.5
Financial intermediation and insurance	7.7	8.7
Other services	8.0	8.9
Public administration and defense	9.5	10.9
Education	5.1	5.8
Health and social work	3.3	3.8
Household with Employed Persons	1.4	1.8
Sub-Total	110.5	112.6
Less: FISIM	5.3	6.0
Gross Domestic Product at basic prices	105.2	106.5
Plus: Taxes less subsidies on products	-5.2	-6.5
GDP at market's values	100.0	100.0

Source(s): Kuwait Central Statistical Bureau (last update is for 2024)

ANNEX 2 – Main economic data

Kuwait main economic data

	2022	2023	2024*
GDP (USD bn)	182.5	161.78	160.4
GDP per Capita (USD)	37620	326400	31720
Growth Rate (% of GDP)	6.1	-2.2	-1.4
Inflation rate (%)	4	3.6	3.3
Unemployment rate (Kuwaiti only % of work force)	2.2	2.124	N-A
Current account balance (% GDP)	34.5	32.8	30.1
Population data			
Kuwaiti nationals	1488716	1517076	1545781
Expats	2897001	3276492	3367490
Total	4385717	4793568	4913271

* Source: IMF, World Economic Outlook (April. 2021)

** Source: Kuwait CBS 2024 and Public Authority for Civil Information PACI 2024

ANNEX 3 – Trade partners

Trade partners of the host country

Imports (without oil) in 1'000 of KWD

Rank	Country	2022	2023	% Difference
1	People's Republic Of China	2'066'285.00	2'281'927.11	10.44
2	United States Of America	946'722.00	1'045'105.39	10.39
3	United Arab Emirates	1'315'164.00	1'039'754.17	-20.94
4	Japan	575'530.00	706'478.32	22.75
5	India	599'911.00	633'344.90	5.57
6	Saudi Arabia	577'713.00	597'516.78	3.43
7	Germany	434'066.00	505'937.87	16.56
8	Italy	425'949.00	449'031.99	5.42
10	Switzerland	252'101.00	326'170.27	29.38
	Total	11'005'347.00	11'515'936.16	4.64

Exports (without oil) in 1'000 of KWD

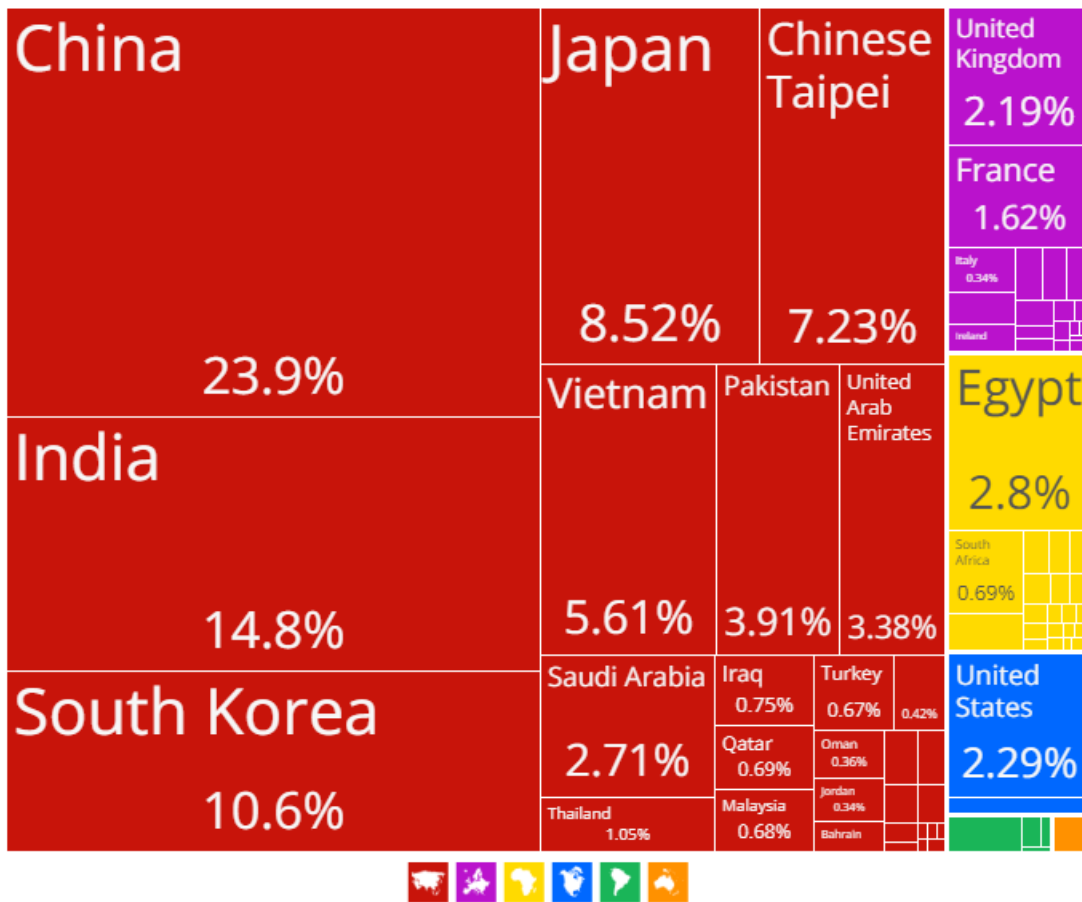
Rank	Country	2022	2023	% Change
1	United Arab Emirates	302'464.00	399'393.89	32.05
2	India	271'680.00	326'595.69	20.21
3	Saudi Arabia	258'417.00	216'699.16	-16.14
4	People's Republic Of China	167'787.00	181'516.20	8.18
5	Iraq	71'454.00	118'064.15	65.23
6	Pakistan	143'090.00	104'922.62	-26.67
7	Qatar	86'618.00	74'122.66	-14.43
8	Egypt	27'349.00	36'881.06	34.85
33	Switzerland	7'607.00	6'215.43	-18.29
	Total	30'554'742.00	25'797'482.53	-15.57

Source(s): Kuwait Central Statistical Bureau 2024

Kindly note that **oil is not included** by country in the above data, please refer to graph on the next page for the main destinations of Kuwaiti Crude and petrochemicals for the year 2022 (<https://oec.world/en/profile/country/kwt#historical-data>).

Who is buying Kuwait's oil?

Destinations (2022)



oec.world

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and the host country (with gold)

	Import		Export		Balance	Import + Export	
	Value (CHF)	Value +/- %	Value (CHF)	Value +/- %	Value (CHF)		Value +/- %
2018	54'044'453	-26.7	464'229'084	-0.3	410'184'631	518'273'537	-3.9
2019	38'819'136	-28.2	482'829'299	4	444'010'163	521'648'435	0.7
2020	6'735'248	-82.6	401'866'357	-16.8	395'131'109	408'601'605	-21.7
2021	13'423'656	99.3	479'113'418	19.2	465'689'762	492'537'074	20.5
2022	12'685'689	-5.5	524'979'105	9.6	512'293'416	537'664'794	9.2
2023	19'056'968	50.2	641'787'283	22.3	622'730'315	660'844'251	22.9

Source : SECO

Type of goods	Export for 2023	
	Value (CHF)	% of total trade
	244'271'869	38.1
Chemical and pharmaceutical products	208'359'037	32.5
Agricultural, forestry and fishery products	72'346'852	11.3
Precious metals and gemstones (including gold and silver ingots from 1.1.2012)	71'537'026	11.1
Machinery, equipment, electronics	20'663'103	3.2
Textiles, clothing, footwear	7'387'852	1.2
Miscellaneous products such as musical instruments, home furnishings, toys, sports equipment, etc.	4'687'317	0.7
Leather, rubber, plastics	4'589'381	0.7
Metals	4'109'545	0.6
Paper, paper products and graphic arts products	1'671'341	0.3
Vehicles	1'149'712	0.2
Energy products	774'912	0.1
Stone and soil	223'497	0
Works of art and antiques	15'839	0

Swiss Export to Kuwait 2023, Federal office for customs and border security

Type of goods	Import for 2023	
	Value (CHF)	% of total trade
Precision instruments, watches and jewellery	15'324'286	80.4
Miscellaneous products such as musical instruments, home furnishings, toys, sports equipment, etc.	1'263'579	6.6
Textiles, clothing, footwear	585'413	3.1
Precious metals and gemstones (including gold and silver ingots from 1.1.2012)	526'209	2.8
Vehicles	472'309	2.5
Leather, rubber, plastics	436'560	2.3
Chemical and pharmaceutical products	392'219	2.1
Machinery, equipment, electronics	21'962	0.1
Agricultural, forestry and fishery products	15'081	0.1
Metals	10'724	0.1
Stone and soil	5'518	0
Paper, paper products and graphic arts products	3'018	0
Energy products	90	0

Swiss Imports from Kuwait 2023, Federal office for customs and border security

ANNEX 5 – Main investing countries

Main investing countries in the host country

Year: 2021

Rank	Country	Direct investment (USD, stock)	Share	Variation (stock)	Inflows over past year (USD)
1	Qatar	3,902	24.15%	18.67%	3,288
2	KSA	961	5.95%	5.84%	908
3	Bahrain	821	5.08%	10.05%	746
4	UAE	768	4.75%	-9.43%	848
5	Oman	468	2.90%	6.36%	440
6	USA	59	0.37%	-3.28%	61
7	France	55	0.34%	-1.79%	56
8	China	55	0.34%	0%	55
9	Cayman Is- lands	28	0.17%	100%	14
10	Rep. Korea	2	0.01%	0%	2
...	EU	NA	%	
...	Switzerland	NA	..%	%	3
	Other not specified	9,037	55.94%	10.92%	8,147
	Total	16,156	100%	10.92%	14,565

Source(s): IMF

Kuwait Foreign Direct Investment (FDI) increased by 372.4 million USD in September 2022, compared with an increase of 7.5 million USD in the previous quarter (CEIC Data, 2023). The Kuwait Direct Investment Promotion Authority intelligence unit pointed out that incoming flows have tended to decline since 2016. However, it expects these inflows to rise to a still modest annual average of about \$600 million in 2022-2026, as the gradual privatization of state assets provides opportunities for foreign investors, and projects are being launched. Public-private partnerships go beyond the utilities sector and infrastructure projects as part of the New Kuwait Vision 2035 development plan (Kuwait Direct Investment Promotion Authority, 2022).