KUWAIT

The territory covered by Kuwait includes Bahrain, Kuwait, Oman, Qatar, and United Arab Emirates.

Background - In March 1991, following the conclusion of the Gulf conflict, firms from all over the globe descended on Kuwait to secure their "piece" of what was perceived to be a "huge pie," estimated at $100 billion. Lack of power, water, telephones, transportation and key public and private sector contacts complicated everyone's efforts. Despite these impediments, Canada responded.

While extensive damage existed, the initial grandiose claims about the extent of the "reconstruction" effort had been exaggerated. Substantial refurbishment rather than reconstruction, was required to return to Kuwait to some semblance of its former self. However, Canada has been very successful. It is still hard to pin down the actual costs of refurbishing the country, but a realistic estimate is that the immediate costs of reconstruction will approach US$ 5 billion, of which much has already been spent. Spending over the next five years is estimated to be in the range of US $ 15-20 billion.

Financing - In December 1991, Kuwait signed a syndicated loan with an international banking consortium, led by J.P. Morgan, for US $ 5.5 billion. These funds are expected to ease the shortfall in government account financing for 1992. To supplement the government's financial position and to provide flexibility in undertaking reconstruction projects, Memorandum of Understanding totalling over US$ 6 billion, have been signed with various governmental export credit agencies, including Canada's Export Development Corporation. A move for the establishment of a US$ 500 million line of credit to support the sale of Canadian goods and services to Kuwait has been signed between the Minister for International Trade, the Honourable Michael Wilson and the Ministry of Finance of Kuwait.

Tariffs and duties - Prior to the invasion, Kuwait imposed an across the board tariff of four percent on most imports. At the time of liberation, all tariffs were suspended. Kuwait reimposed the four percent tariff on March 31, 1992.

Agents - Although in the immediate post-liberation period, Kuwaiti regulations concerning representation were often suspended, a local agent or sponsor is now a must. In most cases, including all government contracts let through the Central Tenders Committee, a Kuwaiti agent or representative is required by law. In any case, local representation is essential for timely notification of major projects and tenders, and to maintain contact with Ministry officials and decision makers. Once contact with a potential agent has been made, periodic trips to Kuwait are advisable. The importance of direct contacts and personal relationships with Kuwaiti counterparts cannot be overemphasized. The selection of an agent is one of the most important decisions you will make in doing business in Kuwait. Foreign companies may not approach the CTC