

Export and Investment Promotion Planning System

87/88 Trade and Economic Overview

Mission: 348 KUWAIT

Country: 311 KUWAIT

KUWAIT, IS A TYPICAL OIL-DEPENDENT STATE HAVING TO REASSESS ITS IMMEDIATE PLANS IN VIEW OF DIMINISHED OIL REVENUES & THE CONTINUING IRAN-IRAQ WAR. THE PERIOD OF MEGAPROJECTS IS OVER AS MOST OF THE COSTLY INFRASTRUCTURAL ELEMENTS ARE NOW IN PLACE AND FUTURE AMBITIOUS PLANS HAVE BEEN SHELVED BECAUSE OF OIL PRICE UNCERTAINTIES. NEVERTHELESS, KUWAIT REMAINS AN ACCESSIBLE CASH MARKET OFFERING SIGNIFICANT POTENTIAL FOR EXPORT SALES AND EVEN MORE SIGNIFICANTLY INVESTMENT IN CANADA. DESPITE THE 1986-87 BUDGET PREDICTIONS OF 38.6% REDUCTION IN STATE REVENUES (INVESTMENT INCOME NOT INCLUDED), EXPENDITURES FOR THE MINISTRIES OF DEFENSE, EDUCATION, PUBLIC HEALTH, ELECTRICITY & WATER & PUBLIC WORKS ARE FORECASTED TO BE \$7.1 BILLION CDN. COUPLED WITH KUWAIT'S VIRTUAL TOTAL DEPENDANCE ON IMPORTS, (APPROX. \$9.5 BILLION CDN IN 1985) THERE ARE PROSPECTS FOR VIRTUALLY ALL TYPES OF CANADIAN EXPORTS, THOUGH IN DIFFERING DEGREES IN THIS MARKET. AREAS OFFERING THE MOST POTENTIAL ARE SECURITY EQUIPMENT & PRODUCTS, OIL & GAS OPERATIONS & MAINTENANCE EQUIPMENT, & THE EDUCATION MEDICAL & HEALTH CARE AREAS. SPECIALIZED TELECOMMUNICATION AND RELATED CONSULTING NEEDS ALSO OFFER POTENTIAL. THE CONTINUING GULF WAR HAS REDUCED THE SIGNIFICANT KUWAITI RE-EXPORT MARKET. THE RISE OF THE YEN AND THE MARK, IN THIS PERIOD OF COST CRUNCHING, IS FOCUSING ATTENTION ON ALTERNATIVE SOURCES WITH CANADA SEEN AS A SOURCE OF SOPHISTICATED, QUALITY GOODS. THE MARKET FOR INVESTMENT FROM KUWAIT CAN BE SEGMENTED INTO THREE AREAS: A) GOVERNMENT PRIVATE & SEMI PRIVATE INSTITUTIONS, B) INDIVIDUAL KUWAITIS AND C) EXPATRIATES. THIS LATTER GROUP IS SHRINKING IN VIEW OF GOVERNMENT EFFORTS AND THE NECESSITY TO CUT BACK ON FOREIGN WORKERS. IN GENERAL THE MAIN INTEREST OF THIS GROUP IS IN ENTREPRENEURIAL INVESTMENT.

INDIVIDUAL KUWAITIS IN THE CURRENT SLUGGISH ECONOMY, AND WITH THE SOUK-AL MANAKH EXPERIENCE LOOMING OVER THEIR HEADS, HAVE A KEEN INTEREST IN FINDING INVESTMENT OPPORTUNITIES, THOUGH THEY GENERALLY TURN TO THE KNOWN DIMENSIONS OF THE U.K. & U.S. THE GOVERNMENT'S TWO PRINCIPAL RESERVE FUNDS, THE GENERAL RESERVE AND THE FUND FOR FUTURE GENERATIONS, TOTALLED OVER \$85 BILLION U.S. AT THE END OF 1985 AND FROM BEST AVAILABLE FIGURES GENERATED \$4.3 BILLION U.S. OF INCOME IN 1983/84. SUBSTANTIAL POST RESOURCES HAVE BEEN EXPENDED ON PROMOTING INVESTMENT IN CANADA, TO BOTH GOVERNMENT AND INDIVIDUALS, AS A STABLE AND REWARDING MARKET.