

We use cookies to make your connection secure and make statistics about the number of visits. In order to get more information about cookies and find out how to refuse them, [visit our cookie policy page](#).

[Cookies settings](#)

REQUIRED ONLY

ACCEPT
ALL

ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

Kuwait is a very rich country and has developed a welfare state for its nationals, who enjoy a very high per capita income. After growing 8.9% in 2022 amid high hydrocarbon prices, Kuwait experienced negative economic growth in 2023 (-0.6%) primarily attributed to reduced oil prices and OPEC+ production cuts, estimated at 4%. Oil, which constitutes nearly 50% of GDP, significantly impacted the economy. GDP growth is anticipated to rebound to 3.6% in 2024, driven by increased exports of crude oil and refined fuel, facilitated by the expanded refining capacity provided by the Al-Zour refinery (the total refining capacity is projected to rise to 1.4 million barrels per day in 2024, compared to an estimated 1.05 million in 2023, according to Coface). For 2025, the IMF forecasts growth at 4.1%.

Concerning public finances, the Ministry of Finance's draft budget anticipates a 13.5% reduction in Kuwait's budget deficit for the 2024-25 fiscal year. The expected deficit is set to reach KWD 5.89 billion (USD 19.15 billion), with total revenues estimated at KWD 18.6 billion, marking a 4.1% decrease from the previous fiscal year. Oil revenues are forecasted to amount to KWD 16.23 billion, down 5.4% from 2023-2024, based on an assumed oil price of USD 70 per barrel. Expenditure is projected to decrease by 6.6% to KWD 24.55 billion, with salaries and subsidies accounting for 79.4% of total expenses, while capital expenditure is expected to represent 9.3% of the total budget. Kuwait's fiscal and external balance sheets retain their position among the strongest globally. Fitch Ratings predicts that Kuwait's sovereign net foreign asset position will average 505% of GDP in 2023-24. The majority of these assets are held in the Future Generation Fund (FGF), overseen by the Kuwait Investment Authority (KIA), which also manages the assets of the General Reserve Fund (GRF), the government's treasury account. Gross government debt to GDP is currently low, standing at 8.7% of estimated GDP for the fiscal year ending March 2023. However, should a debt law be enacted in FY24 alongside limited fiscal reform and lower oil prices, Fitch Ratings predicts that government debt will more than double to 24% of GDP in FY25 and continue to rise in subsequent years due to projected fiscal deficits. According to the IMF, inflation was estimated at 3.4% in 2023 and should gradually decline to 3.1% this year and 2.8% in 2025, supporting private consumption.

The latest data from the Public Authority for Civil Information show that, as of June 2023, Kuwait faces unemployment challenges, with 31,831 individuals, both Kuwaiti and non-Kuwaiti, jobless. This represents an unemployment rate of approximately 1% among the total labor force of 2.96 million. Among Kuwaiti workers, there were 28,190 unemployed individuals, an increase of 2,100 from the end of 2022, resulting in a citizen unemployment rate of 5.75% among the total Kuwaiti labor force of 490 thousand. It's important to note that comparing unemployment rates in Kuwait with those in developed countries requires consideration of Kuwait's unique context, where unemployment often correlates with awaiting nominations from the Civil Service Commission, especially for Kuwaiti graduates seeking public sector positions.

| Main Indicators | 2022 | 2023 (E) | 2024 (E) | 2025 (E) | 2026 (E) |
|--|--------|----------|----------|----------|----------|
| GDP (billions USD) | 175.40 | 159.69 | 167.01 | 172.13 | 175.60 |
| GDP (Constant Prices, Annual % Change) | 8.9 | -0.6 | 3.6 | 4.1 | 2.4 |

| Main Indicators | 2022 | 2023 (E) | 2024 (E) | 2025 (E) | 2026 (E) |
|--|--------|----------|----------|----------|----------|
| GDP per Capita (USD) | 36,092 | 32,215 | 33,032 | 33,377 | 33,382 |
| General Government Gross Debt (in % of GDP) | 3.1 | 3.4 | 3.1 | 5.8 | 9.4 |
| Inflation Rate (%) | n/a | 3.4 | 3.1 | 2.8 | 2.4 |
| Unemployment Rate (% of the Labour Force) | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Current Account (billions USD) | 63.17 | 48.42 | 46.24 | 42.99 | 38.24 |
| Current Account (in % of GDP) | 36.0 | 30.3 | 27.7 | 25.0 | 21.8 |

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

Agriculture is very limited in the country due to the lack of water and fertile land. The primary sector is constituted mainly by fishing activities and contributed only 0.5% to the GDP, employing 2% of the workforce (World Bank, latest data available). Kuwait's agricultural regions are situated in Wafra to the south, Al-Abdali to the north, and Al-Sulaibiya in the center. The primary crops cultivated in Kuwait include vegetables, potatoes, and grains, constituting the majority of the country's agricultural output.

The industrial sector contributes 45.4% of GDP and employs 25% of the total workforce (World Bank). With 104 billion barrels of oil in reserve (i.e. 6% of the world's total and representing 100 years of production), the country's industry is based on oil exploitation. This sector accounts for nearly half of Kuwait's GDP, around 95% of exports, and approximately 91% of government revenue (OPEC, 2023). By 2030, Kuwait is planning to invest more than USD 87 billion in the oil sector, especially in creating new oil refineries. The manufacturing sector is still underdeveloped, accounting for only 7% of GDP.

The services sector represented more than half of the GDP and employs 73% of the active population (World Bank). The most important sub-sectors are real estate and financial services. Kuwait has 11 local commercial banks, which include five Islamic banks. Currently, 12 foreign banks have branches in Kuwait. According to GlobalData's projections, Kuwait's telecom service revenue is anticipated to increase from USD 2.1 billion in 2022 to 2.5 billion by 2027. This growth is expected to be mainly driven by revenue generated from the mobile data and fixed broadband segments.

| Breakdown of Economic Activity By Sector | Agriculture | Industry | Services |
|--|-------------|----------|----------|
| Employment By Sector (in % of Total Employment) | 2.0 | 25.3 | 72.7 |
| Value Added (in % of GDP) | 0.5 | 45.4 | 69.1 |
| Value Added (Annual % Change) | -3.9 | -12.2 | -3.2 |

Source: World Bank - Latest available data.

| Monetary Indicators | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|
| Kuwaiti Dinar (KWD) - Average Annual Exchange Rate For 1 USD | 0.30 | 0.30 | 0.30 | 0.30 | 0.31 |

Source: World Bank - Latest available data.

FOREIGN TRADE

Kuwait is highly dependent on foreign trade, which represented 98% of its GDP (World Bank, latest data available). As the fourth-largest OPEC oil producer, Kuwait's export earnings mainly come from mineral fuels, oils, and distillation products, which account for over 95% of total exports and almost 50% of the GDP. On the other hand, the country relies particularly on imports of food products, consumer goods, and semi-finished products. Imports have increased rapidly in recent years due to the country's undertaking of large projects and high private consumption demand. For 2022, imports were led by motor cars, radio-telephony transmission tools, gold, medicaments, and iron or steel tubes (data Comtrade).

Kuwait exports to a wide number of countries, with the main ones being the United Arab Emirates, India, Saudi Arabia, China, and Pakistan. Kuwait's largest suppliers are China (18.8%), the UAE (11.9%), the United States (8.6%), India (5.5%), and Saudi Arabia (5.3% - data Comtrade). Kuwait permits duty-free entry of GCC goods that adhere to origin criteria. To qualify for preferential duty status, each product must demonstrate that at least 40% of its value added originates from a GCC member country, with the producing firm's capital ownership by GCC citizens reaching 51%. In April 2018, Kuwait endorsed the World Trade Organization Trade Facilitation Agreement, aimed at streamlining customs and border procedures, enhancing transparency and information accessibility, and reducing trade expenses.

The country's exports largely depend on its oil output and global oil prices, and Kuwait has been recording trade surpluses since 1993. In 2022, the export of goods increased to a record-high USD 101.2 billion (+60.4% y-o-y) amid high hydrocarbon prices, while imports stood at USD 32.3 billion (+1.4%). Kuwait has a structurally positive trade balance; however, the country is a net importer of services, with USD 10.6 billion in exports against USD 26.5 billion in imports in 2022.

| Foreign Trade Values | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|--------|--------|--------|---------|
| Imports of Goods <i>(million USD)</i> | 35,864 | 33,574 | 27,738 | 31,889 | 32,356 |
| Exports of Goods <i>(million USD)</i> | 71,938 | 64,483 | 40,116 | 63,128 | 101,270 |
| Imports of Services <i>(million USD)</i> | 36,835 | 30,218 | 19,179 | 21,088 | 27,545 |
| Exports of Services <i>(million USD)</i> | 8,119 | 8,036 | 7,168 | 8,706 | 10,609 |

Source: World Trade Organisation (WTO) ; Latest available data

| Foreign Trade Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------|--------|--------|--------|--------|
| Foreign Trade <i>(in % of GDP)</i> | 103.1 | 98.2 | n/a | n/a | n/a |
| Trade Balance <i>(million USD)</i> | 45,711 | 35,361 | 15,412 | 40,550 | 71,950 |
| Trade Balance (Including Service) <i>(million USD)</i> | 16,994 | 13,180 | 3,401 | 28,167 | 55,014 |
| Imports of Goods and Services <i>(Annual % Change)</i> | 1.5 | -10.4 | n/a | n/a | n/a |
| Exports of Goods and Services <i>(Annual % Change)</i> | -0.4 | -10.1 | n/a | n/a | n/a |
| Imports of Goods and Services <i>(in % of GDP)</i> | 45.6 | 44.9 | n/a | n/a | n/a |

| Foreign Trade Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|------|------|------|------|
| Exports of Goods and Services <i>(in % of GDP)</i> | 57.5 | 53.3 | n/a | n/a | n/a |

Source: World Bank ; Latest available data

| Foreign Trade Forecasts | 2023 | 2024 (e) | 2025 (e) | 2026 (e) | 2027 (e) |
|--|------|----------|----------|----------|----------|
| Volume of exports of goods and services (Annual % change) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Volume of imports of goods and services (Annual % change) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Kuwait is a member of the [Gulf Cooperation Council](#) alongside Bahrain, Qatar, Oman, Saudi Arabia and the UAE. The country is also part of [the Greater Arab Free Trade Area](#) (GAFTA), a pact of the Arab League entered into force in January 2005 which aims to form an Arabic free trade area.

Main Partner Countries

| Main Customers <i>(% of Exports)</i> | 2022 |
|---|-------|
| United Arab Emirates | 1.0% |
| India | 0.9% |
| Saudi Arabia | 0.8% |
| China | 0.5% |
| Pakistan | 0.5% |
| See More Countries | 96.3% |

| Main Suppliers <i>(% of Imports)</i> | 2022 |
|---|-------|
| China | 18.8% |
| United Arab Emirates | 11.9% |
| United States | 8.6% |
| India | 5.5% |
| Saudi Arabia | 5.3% |
| See More Countries | 50.0% |

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

Emir: Sheikh Mishal al-Ahmad al-Sabah (since 16 December 2023)

Prime Minister Sheikh Mohammad Sabah Al Salim Al Sabah (since 4 January 2024)

Next Election Dates

National Assembly: 2027

Main Political Parties

The Kuwaiti Constitution upholds the notion of political party presence, despite the absence of formal legalization of political parties since Kuwait gained independence in 1961. In practice, various political formations, such as parliamentary blocs, have been permitted to develop. These encompass both religious and secular groupings, yet the majority of parliamentarians prioritize the concerns of their respective tribes.

Some organizations include:

- [Islamic Constitutional Movement](#) (Hadas): Islamist political organization, offshoot of the Muslim Brotherhood
- National Islamic Alliance: Shia political organization, against corruption
- [National Democratic Alliance](#): centre-right
- [Kuwait Democratic Forum](#): centre-left

Executive Power

The chief of state is the Emir, a hereditary title. The Emir has absolute executive power including dissolving parliament, promulgating laws, referring bills back to the parliament for reconsideration, and appointing military officers. The Emir appoints the Prime Minister, who acts as the head of the government for an indefinite period of time. The Council of Ministers is appointed by the Prime Minister after being approved by the Emir. The Emir has the power to dissolve parliament but must call anticipated elections within 60 days.

Legislative Power

The legislative power in Kuwait is unicameral. The parliament called the National Assembly, has 50 members who are elected by popular vote to serve four-year terms and 16 ex-officio members, who are government ministers appointed by the Emir. The parliament has the power to dismiss the Prime Minister or any other members of his cabinet by going through a series of constitutional procedures. The parliament can also override the Emir's veto by a two-thirds vote.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the government of Koweit, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).