

OPPORTUNITIES FOR SRI LANKAN BOAT BUILDINGS IN KUWAIT



Prepared by:
Embassy of Sri Lanka,
Kuwait
February 2017

CONTENTS

1. SUMMARY.....	3
2. MARKET POSITION.....	3
Standards.....	3
Import Tariffs.....	4
Trade Barriers.....	4
Import Requirements and Documentation.....	4
A. Licenses.....	4
B. Documentation.....	4
C. Commercial Invoice.....	4
D. Certificate of Origin.....	4
E. Packing List.....	5
F. Bill of Lading.....	5
Labeling/Marking Requirements.....	5
A. Labeling.....	5
B. Special Labels.....	5
C. Marking.....	5
Customs Regulations.....	5
A. Valuation.....	5
3. POSITION OF SRI LANKAN GOODS.....	6
4. ACTIVITIES OF COMPETITION.....	6
5. CONCLUSIONS AND RECOMMENDATIONS.....	7

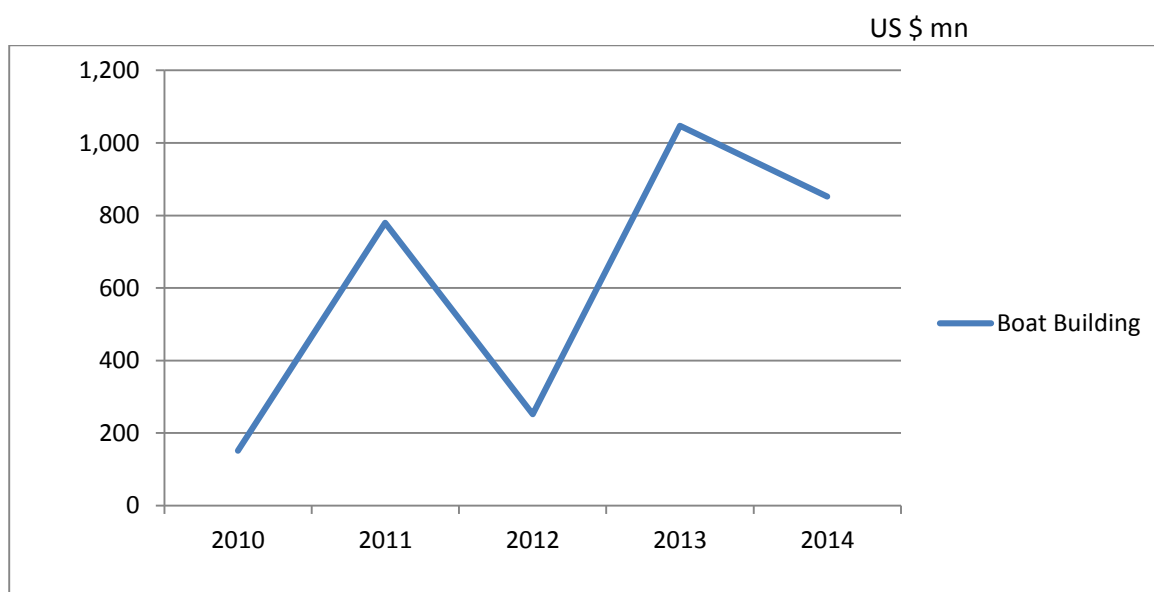
1. SUMMARY

Kuwait imported USD 328,687,000 worth ships, boats and floating structures in 2015. Considering Kuwait's sea culture this is a promising sector for Sri Lankan exporters. Most people in Kuwait own a vessel for their personal entertaining purposes apart from fishing and other commercial activities.

2. MARKET POSITION

Main exporters to Kuwait are Romania, UAE, Netherlands, China, Italy, Malaysia, the USA, Indonesia, Canada, Bahrain and Singapore. Romania does not have a long history of exporting floating products to Kuwait. But now Romania is the number one exporter to Kuwait. Romania exported floating equipment to the value of USD 144,409,000 in 2015. The UAE, USA, Italy and Canada are the other long term exporters to Kuwait.

Figure: Boat Building (HS 89) Import Trend of Kuwait



Source: Trade map

Standards

The government of Kuwait eliminated pre-shipment standards inspection under the International Conformity Certification Program (ICCP). They are currently working with the GCC Standards Organization in Riyadh to develop a region-wide standards regime to replace the ICCP. The Standards and Metrology Department of the Public Authority for Industry govern standards in

Kuwait. Approximately 300 standards are currently being applied, with standards derived from the U.S., EU, ISO, and GCC Standards.

In 2010, Public Authority of Industry -PAI provided the GCC Standardization Organization -GSO with feedback regarding the initiatives introduced by Japan, Switzerland, and the United States pertaining to liberalizing trade in remanufactured goods. PAI affirmed no tariff barriers are introduced.

Import Tariffs

Kuwait officially approved the Single Customs Tariff on 1 April 2003, setting a 5% CIF import duty on most goods with the exemption of certain basic foodstuffs and medicines or medical items, which are duty free. Duties are to be paid in Kuwaiti dinars (KD).

Trade Barriers

There are several steps to legalize shipping documents. If this is not done properly it could become a trade barrier. There are numerous bureaucratic hurdles and approvals pertaining to most aspects of business in Kuwait. There is a lengthy process to sell to the government.

Import Requirements and Documentation

A. Licenses

Importers apply for import licenses to the Ministry of Commerce and Industry. They have to be registered with the Kuwait Chamber of Commerce and Industry (KCCI). Licenses are valid for one year, renewable and multiple shipments are allowed. Different ministries and agencies also issue licenses for different products, including firearms, explosives and pharmaceuticals and for wild or exotic animals. Only the local agent is authorized to clear items at Kuwait Customs by showing an official letter of representation and a letter by the end-user.

B. Documentation

Documentation procedures in Kuwait require all commercial shipments to accompany a commercial invoice, certificate of origin, packing list, and a bill of lading or an airway bill. Certain products may require additional licenses or certificates.

C. Commercial Invoice

Original and two copies are required with the certificate of origin. The invoice must contain an accurate description of the goods, marks and numbers, net and gross weights in metric measure, quantity, units, total value, country of origin, and the port and shipping information i.e. name of the vessel and transportation means. The invoice should be certified by a local chamber of Commerce.

D. Certificate of Origin

Original and two copies are required. The certificate of origin should be certified by a local chamber of Commerce.

E. Packing List

The packing list must provide detailed information of each item contained in any package and must be stamped with the company seal or the stamp of the exporter or freight forwarder.

F. Bill of Lading

Three copies of the bill of lading are required. The bill of lading should show the name of the shipper, the name and address of the consignee, port of final destination, description of the goods, list of freight and other charges, number of bills of lading in the complete set, and the a signature acknowledging that the carrier has confirmed receipt on board the goods to be shipped. The name of the import license holder should appear on the bill of lading, and the license holder has to be a national of Kuwait.

Labeling/Marking Requirements

A. Labeling

Labels stating the country of origin need to be shown on all imported goods in a manner that cannot be removed or altered. Information appearing on the label must conform to the information listed in the shipping documentation given above.

B. Special Labels

Pharmaceuticals: Pharmaceutical products should be labeled with the batch or the lot number, production date, expiration date, content description, storage information, usage information, indications and contra indications of use, and the reference to the pharmacopoeia standards used.

C. Marking

The outside marking on each package or container should identify the name of the shipper, the name and address of the consignee, the weight of the package, the number of the packages if shipped as a part of a bulk shipment, and the country of origin.

Customs Regulations

A. Valuation

Kuwait applies five methods for determining customs valuation as per WTO Customs Valuation in Article VII of the General Agreements on Tariffs and Trade. The first criterion is based on transaction value which is the actual price paid or payable including costs and expenses. For transaction value to be applied, the parties must be unrelated. If Kuwait Customs rejects this valuation method, other valuation means can be employed such as the transaction value of identical or similar goods, valuation on FOB, or CIF values.

3. POSITION OF SRI LANKAN GOODS

Sri Lanka has no marked any presence in this sector in Kuwait in 2016. In 2015 Sri Lanka has exported very low amount of vessels structures.

US \$ thousand			
Code	Description	2015	2016
H.890190	Boat building	938	-

Source: Sri Lanka Export Development Board

4. ACTIVITIES OF COMPETITION

The market has dramatically increased during the past few years with the competition being high in the sector. Proper strategies should be adopted to find a place for Sri Lankan products in the market.

Table: Top 10 exporters of boat building (HS 89) to Kuwait

US \$ thousand					
Exporters	2011	2012	2013	2014	2015
Romania	0	0	0	0	144,409
United Arab Emirates	5,376	5,079	12,516	15,078	59,999
Netherlands	33	0	0	36,524	34,583
China	375	348	372	17,776	27,595
Italy	3,574	254	2,319	4,502	13,503
Malaysia	0	0	0	1,020	9,398
United States of America	8,715	10,639	11,642	10,697	8,757
Indonesia	0	296	3,555	3,043	8,016
Canada	2,368	2,491	2,791	969	7,324
Bahrain	848	1,198	2,022	1,483	4,662

Source: Trade map

5. CONCLUSIONS AND RECOMMENDATIONS

- Complex business environment in Kuwait requires flexibility, patience, and persistence.
- Many exporters and investors face challenges such as inconsistent, contradictory policies, lack of transparency in decision-making, reversal of tenders after awarding, and a judiciary that heavily favors the local population.
- Careful planning and personal relations are crucial for success in the Kuwait market.
- Selecting an appropriate agent to work for the Sri Lankan company is the single most important factor to be considered by a prospective exporter to Kuwait.
- Understanding complex regulations and the general business framework is difficult without the support of a competent local agent or a business partner.
- Sri Lankan companies should seek business relationships and understand the best representatives are those who have already cultivated contacts and are active in the particular sector.
- Getting a competent local legal counsel to draft an agreement to protect the company from future liability is also a key factor to consider.

Prepared by:

Name - Embassy of Sri Lanka, Kuwait

Disclaimer:

The Embassy of Sri Lanka, Kuwait has taken every care in the preparation of the content of this report, but the Embassy of Sri Lanka, Kuwait cannot be held responsible for any errors, defects, lost profits, or other consequential damages arising from the use of any information obtained either directly or indirectly from this report. The Embassy of Sri Lanka, Kuwait accepts no liability whatsoever.