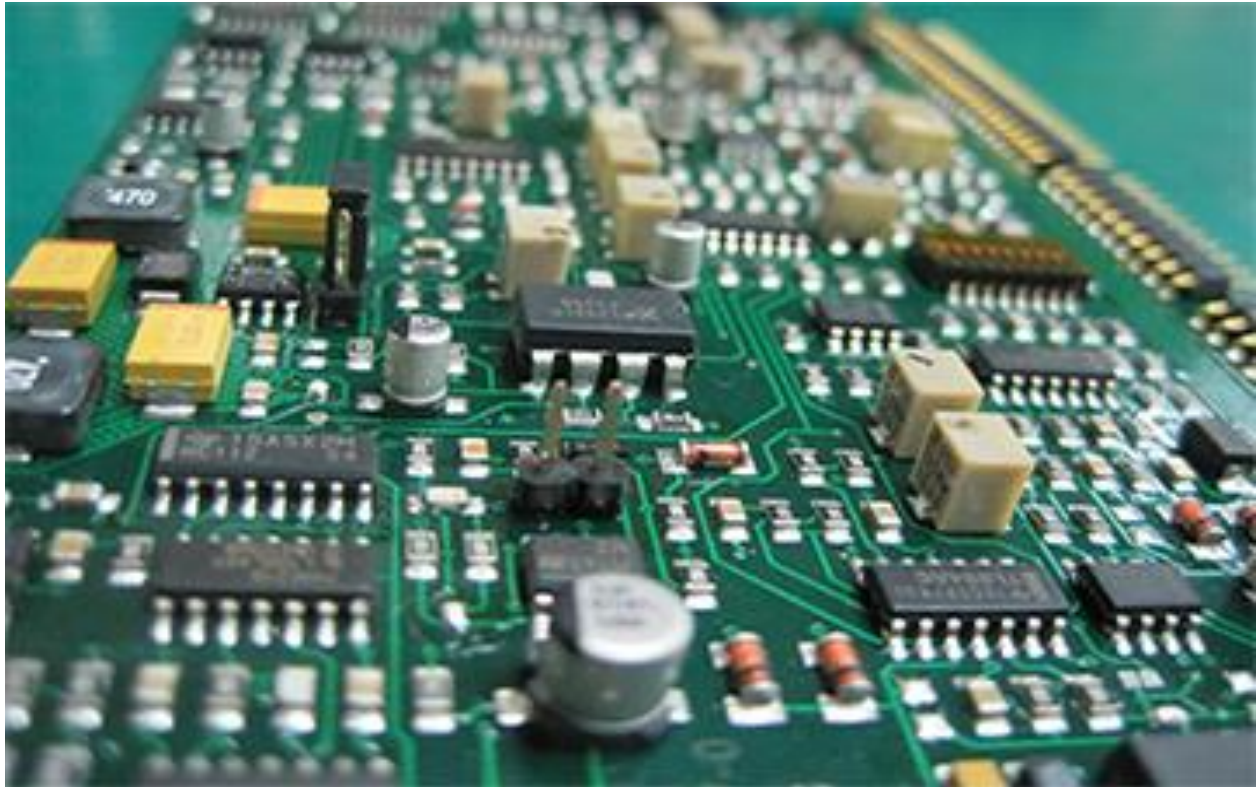


OPPORTUNITIES FOR SRI LANKAN ELECTRONIC PRODUCTS IN KUWAIT



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1. SUMMARY

Kuwait has imported electronic printed circuits with the value of USD 1,281,000 in 2015. The market has been increased during past few years from USD 475,000 in 2011.

2. MARKET DESCRIPTION

Main exporters in this sector remain Egypt, Germany, Korea, China and USA. The Share of the market has varied in time to time.

2.1 Standards

The government of Kuwait eliminated pre-shipment standards inspection under the International Conformity Certification Program (ICCP) and is currently working with the GCC Standards Organization (Riyadh) to develop a region-wide standards regime to replace the ICCP. The Standards and Metrology Department of the Public Authority for Industry governs Kuwait's standards. Approximately 300 standards are currently being applied, with standards derived from U.S., EU, ISO, and GCC Standards.

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

Table: Top 10 electronic products imported by Kuwait

		US \$ mn				
Code	Product label	2011	2012	2013	2014	2015
8502	Electric generating sets and rotary converters	100	145	132	128	106
8504	Electrical transformers	188	139	179	156	131
8516	Electric instantaneous or storage water heaters	53	71	74	86	81
8517	Telephones	1,107	959	1,140	1,327	1,552
8523	Storage devices, smart cards, discs, tapes etc	76	80	96	178	198
8528	Monitors and projectors; reception apparatus for television	158	150	143	161	148
8535	Apparatus protecting electrical circuits	41	47	78	123	127
8536	Switches, fuses & related circuit protection	82	124	127	123	129
8537	Electrical Boards and panels for protecting electrical circuits	45	113	125	148	104
8544	Insulated wire; optical fiber cables	352	438	514	456	354

Source: Trade Map

2.2 Import Tariffs

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

2.3 Trade Barriers

There are several steps to legalize shipping documents, which if not done correctly could become a trade barrier. There are numerous bureaucratic hurdles and approvals needed to do most aspects of business in Kuwait. The process to sell to the government is very lengthy.

2.4 Import Requirements and Documentation

2.4.1 Licenses

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

2.4.2 Documentation

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

2.4.3 Commercial Invoice

One original and two copies are required, plus 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, and country of origin, and port and shipping information (name of vessel and transportation means). The invoice should be legalized by a local chamber of Commerce.

2.4.4 Certificate of Origin

One original and two copies are required. The certificate of origin should be legalized by a local chamber of Commerce.

2.4.5 Packing List

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

2.4.6 Bill of Lading

Three copies of the bill of lading are required. The bill of lading must show the name of the shipper, the name and address of the consignee, port of final destination, description of the goods, listing of freight and other charges, number of bills of lading in the complete set, and the acknowledgement signature that the carrier has confirmed receipt on board of the goods to be shipped. The import license holder's name must appear on the bill of lading, and he/she must be a Kuwaiti national.

2.5 Labeling/Marking Requirements

2.5.1 Labeling

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

2.5.2 Special Labels

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

2.5.3 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 package if shipped as a part of a bulk shipment, and the country of origin.

2.6 Customs Regulations

2.6.1 Valuation

Kuwait applies five methods for determining customs valuation as per the WTO Customs Valuation Agreement (Article VII of the General Agreements on Tariffs and Trade). The first criterion is based on transaction value (the price actually paid or payable plus 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 transaction value of identical or similar goods, valuation on FOB, or CIF values.

3. POSITION OF SRI LANKAN GOODS

Sri Lanka hasn't exported significant amount of electronic products to Kuwait

Table: Electronic Products (HS 85) exported to Kuwait

Code	Description	US\$ thousand	
		2015	2016
H.853810	Parts suitable for use solely or principally with the apparatus	35	1
H.85071090	Lead-acid accumulators for starting piston engines	50	
H.85167920	Electric Kettle	2	
	Total	86	1

Source: Sri Lanka Export Development Board

4. ACTIVITIES OF COMPETITION

As the market does not seem any domination its open for Sri Lankan exporters to enter into the market with proper mode of conduct and tactics.

Table: Top 10 Exporters of electronic products to Kuwait

Exporters	US \$ mn				
	2011	2012	2013	2014	2015
China	870	834	1,021	1,265	1,410
Viet Nam	11	109	142	271	410
Korea	252	187	266	396	217
United States of America	233	162	160	193	195
Germany	114	115	183	190	162
Netherlands	32	28	46	88	117
Japan	119	104	85	125	114
United Kingdom	94	134	94	95	79
Egypt	43	57	80	76	78
United Arab Emirates	44	133	91	117	74

Source: Trade map

5. CONCLUSIONS AND RECOMMENDATIONS

- Kuwait's complex business environment 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 once awarded, and a judiciary that heavily favors the local population.
- Careful planning and personal relations are crucial for success in Kuwait.
- Selecting the appropriate agent who will work for Sri Lankan company is the single most important step an exporter can take in Kuwait.
- Knowing regulations and the general business framework is a difficult task without the support of a competent local agent or business partner.
- Sri Lankan companies should seek business relationship and understand that the best representatives are those who are already active in their particular sector with cultivated contacts. Further, getting competent local legal counsel to craft an agreement that protects company from future liability is also a key.

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