

OPPORTUNITIES FOR SRI LANKAN RUBBER BASED PRODUCTS IN KUWAIT



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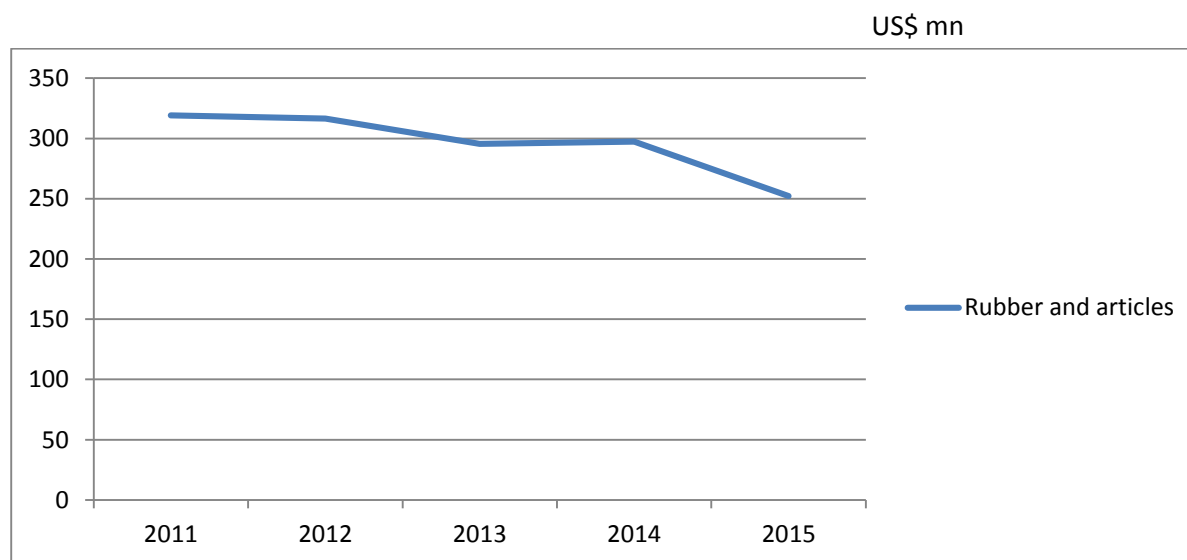
1. SUMMARY

Importation of Rubber and articles thereof to Kuwait shares 0.7 per cent of total imports of Kuwait with the value of US\$ 252,291 in 2015. Despite growth in 2010, 2011 and 2013 the demand of rubber products has been gradually decreased from US\$ 319,114 in 2011 to \$ 252,291 in 2015. Main rubber imports to Kuwait remain; New pneumatic tyres of rubber, Articles of vulcanised rubber, Tubes, pipes and hoses of vulcanised rubber, Articles of apparel and clothing accessories including gloves, mittens and mitts for all purposes of vulcanized rubber, Conveyor or transmission belts or belting of vulcanised rubber, Hard rubber, Synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip etc., Rods, bars, tubes, profiles and other forms of unvulcanised rubbe, Hygienic or pharmaceutical articles.

2. MARKET DESCRIPTION

Kuwait's importation of pharmaceutical products mainly Western oriented. Main exporters of this sector remain Germany, US, France, UK, Switzerland, Italy, Ireland, Denmark, Gemgium, Saudi Arabia, Spain, Sweden, UAE, Jordan, Netherland, Austria, China and Japan. The main exporters of Rubber and articles thereof to Kuwait are Japan, China, ROK, US, Germany, Thailand, India, Malaysia, Italy, UK, Saudi Arabia and France. Japan's market share has been dropped down from \$ 122,040 in 2011 to \$ 58,025 in 2015 in parallel to the fall off the market during the period. However, on the contrary China's market share has shown dramatic increase during this period which stood from \$ 47,595 to \$ 51,638.

Figure: Rubber And Articles Thereof (Hs 40) Import Trend By Kuwait



Source: Trade Map

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.

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.

2.3 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.

2.4.7 Special Documents

Cosmetics, pharmaceuticals, and foodstuffs may require a certificate of free sale stating that the commodities in question are in free circulation in the country of export. The Food and Drug Administration can issue these certificates. Exporters should consult with the departments of health or commerce to determine whether that state (or the local municipality) can issue Certificates of Free Sale.

Certificate of Free Sale-Beauty and Health Products

Imports of cosmetics, beauty, and health products require a certificate proving that the manufacturer is licensed by an appropriate authority to produce the product, showing that the product and ingredients are safe for use, that the company complies with Good Manufacturing Practices (GMP) of the country of origin, and evidence that the product is scientifically safe when used as directed.

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 stands No. 24 in the list with total value of \$ 1,511 exports in 2015. Main rubber based exports of Sri Lanka to Kuwait are New pneumatic tyres of rubber, retreaded or used pneumatic tyres of rubber, plates, sheets, strip, rods and profile shapes of vulcanized rubber etc. Sri Lanka's export has shown gradual increased from 2008.

Table: Sri Lanka Export Statistics of Rubber Based Value Added Products to Kuwait

HS Code	Description	US \$ thousand				
		2012	2013	2014	2015	2016
H.40119990	New pneumatic tyres, of rubber, nes	642	636	320	364	207
H.40129090	Solid tyres, interchangeable tyre treads and flaps, of rubber	150	234	216	206	191
H.401162	New pneumatic tyres, of rubber			207	240	179
H.401163	New pneumatic tyres, of rubber			76	144	49
H.40129010	Solid tyres, interchangeable tyre treads and flaps, of rubber	13	33		50	42
H.400811	Plates, sheets strip, rods of vulcanized rubber				13	32
H.401610	Other articles of vulcanized rubber other than hard rubber			6	3	16
H.401194	New pneumatic tyres, of rubber					10
H.401691	Other articles of vulcanized rubber other than hard rubber			18		1
H.401390	Inner tubes, of rubber				1	1
H.400819	Plates, sheets strip, rods of vulcanized rubber	137	91		96	
H.401519	Articles of apparel of rubber				4	
H.40170090	Hard rubber (eg. ebonite) in all forms; articles of hard rubber	9	5	7		
H.40112010	New pneumatic tyres, of rubber of a kind used on buses or lorries		49			
H.401511	Surgical Gloves		16			
H.40119910	New pneumatic tyres, of rubber, nes (excl. of herring-bone, etc, tread)	44				
	Total	995	1,015	567	1,121	728

Source: Sri Lanka Export Development Board

4. ACTIVITIES OF COMPETITION

Some competitors such as UAE, Mexico, Poland, and Hungary whose total exports were less than Sri Lanka in 2008 has surpassed Sri Lanka by the end of 2015. The values of rubber exports of these countries to Kuwait in 2008 were; UAE \$ 646, Mexico \$ 491, Poland \$ 573 and Hungary \$ 585 while Sri Lanka's export value was \$ 660. By the end of 2015 these countries had reached \$ 3628, \$ 2,538, \$ 1689 and \$ 1606 respectively while Sri Lanka remains \$ 1511.

Table: Top 10 Rubber Based Value Added Products Exporters to Kuwait

Exporters	US \$ mn				
	2011	2012	2013	2014	2015
Japan	122	113	84	84	58
China	48	44	44	59	52
Korea	27	32	29	28	25
United States of America	20	18	21	21	19
Germany	14	13	15	16	13
Thailand	10	8	9	11	9
India	7	10	8	6	9
Malaysia	8	7	7	7	6
Italy	6	6	5	5	6
United Kingdom	8	17	11	5	5

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.
- Getting competent local legal counsel to craft an agreement that protects company from future liability is also a key.

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