

OPPORTUNITIES FOR SRI LANKAN PLUSH TOYS IN KUWAIT



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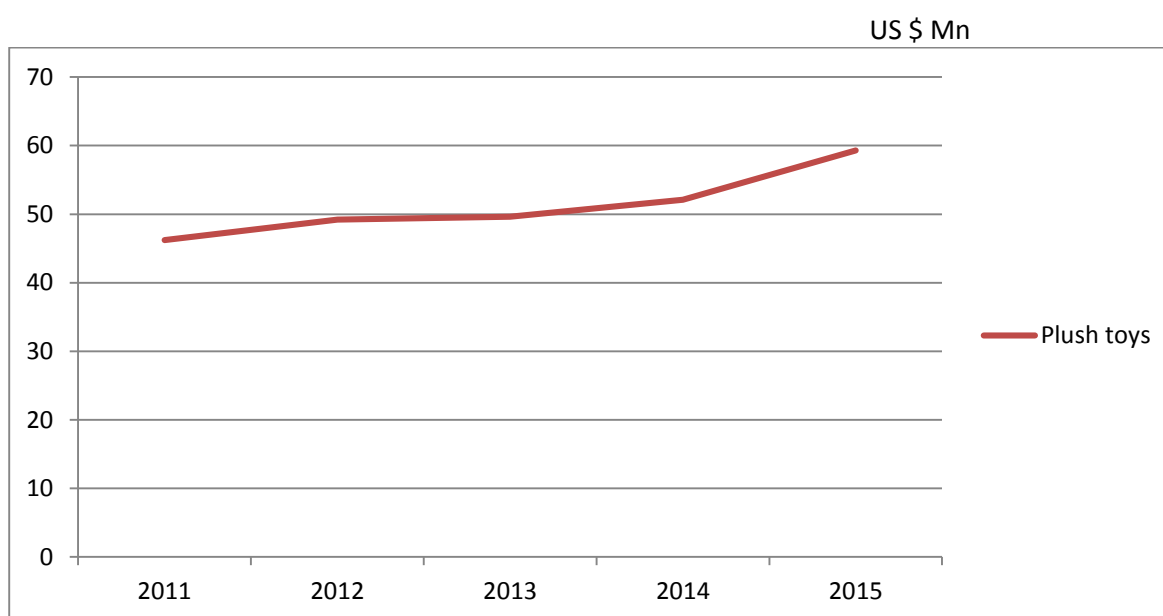
1. SUMMARY

Kuwait imported toys, games and sports requisites, parts to the value of USD 122,474,000 in 2015. The market increased from USD 92,921,000 in 2011 to USD 122,474,000 in 2015.

2. MARKET DESCRIPTION

Main players in this sector remain; China, USA, Taipei, Italy, Viet Nam and UK. China dominated the market with a total value of USD 94,728,000 in 2015 while the second largest exporter's share remained only USD 6,955,000 in the same year.

Figure: Plush toys (HS 950300) imported trend over 5 years



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 a feedback pertaining to the initiative introduced by Japan, Switzerland, and the United States

regarding liberalizing trade in remanufactured goods. PAI affirmed that 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 an 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 tedious.

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, and 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.

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 has no any significant presence in the market. Introduction Sri Lankan products may require more efforts and tactics in order to enter the market.

4. ACTIVITIES OF COMPETITION

To enter the export Market in Kuwait is a daunting task for all Sri Lankan exporters. Sri Lanka should be able to compete mainly with Chinese, USA, Taipei, Italy and Viet Nam to find a place in the market.

Table: Top 10 Exporters of Plush Toys To Kuwait

US \$ thousand

Exporters	2011	2012	2013	2014	2015
China	40,465	43,303	42,772	44,762	51,932
United States of America	1,135	1,457	1,202	1,678	1,197
Viet Nam	613	424	673	1,032	970
Taipei, Chinese	925	1,138	874	1,022	806
Spain	352	387	217	258	553
Denmark	63	107	73	159	400
Indonesia	322	250	220	219	344
Italy	371	360	344	354	289
Czech Republic	44	22	54	106	261
United Kingdom	190	145	152	216	247

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 a 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 relationships and understand that the best representatives are those who are already active in their particular sector with cultivated contacts.
- Getting a competent local legal counsel to draft an agreement that protects company from future liability is also a key.

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