

Kuwait

Business Guide

Compiled by:

Embassy of Switzerland in Kuwait

Kuwait, 1st July 2018

ARRIVAL AND DEPARTURE

Because of its attraction as a labour market, Kuwait has strict visa regulations. A Swiss citizen holding a regular passport (not temporary) needs a visa (tourist or business) to enter. Since 2004, Switzerland became one of 52 countries whose nationals can get a renewable one-month visa to Kuwait at point of entry. The applicant's passport must have at least six months of validity. Ordinary Swiss passport holders can apply for e-visa prior to their travel to Kuwait through the following web site https://evisa.moi.gov.kw/evisa/home_e.do

Holders of diplomatic, service and special passports are exempt from visa. (Entry into force of the agreement 21 July 2016)

For further info, please contact the Kuwait Embassy in Bern Tel.: +41 31 – 356 7000, email: info@kuwaitembassy.ch .

LANGUAGES USED FOR BUSINESS

Arabic is the official language, but English is very widely used as a second language, especially in the business community. Kuwait has many foreign communities, the largest being from India, Egypt, the Philippines and other Asian nations. Swiss businessmen must make sure they send or bring with them English-language catalogues or any other printed promotion material.

PUBLIC HOLIDAYS

There are 13 days of public holidays around the year, of which only the following three are timed on the Gregorian calendar:

1 st January	New Year
25 th February	National Day
26 th February	Liberation Day

The other holidays are in observance of holy Islamic feasts and these follow the Hijri (lunar) calendar, which is 11 days shorter than the Gregorian. Thus, these holidays keep shifting 11 days backward every year. A foreign visitor needs to check out just 2–3 weeks ahead of his/her visit.

The weekend is Friday and Saturday, on which Government offices and banks are closed, but private sector companies mostly work on Saturday. Shopping malls and boutiques are free to open on weekends and most of them do.

HEALTH AND INOCULATIONS

No inoculation needed for visitors or residents. Foreigners applying for jobs and residence will have to undergo an HIV (Aids) test, as well as other health aptitude tests. Any resident who may be found HIV positive will be deported.

TIME ZONES

Kuwait lies in the Arabia Standard Time Zone, which is GMT +3 hours.

TIME DIFFERENCE BETWEEN SWITZERLAND AND KUWAIT

Kuwait is all one time zone, three hours ahead of Greenwich Mean Time around the year, with no change of timing in summer. There is one-hour time difference with Switzerland in the summer and two hours in winter.

ELECTRICITY SUPPLY

The standard voltage is 240 Volts, the standard frequency is 50 Hz, the power sockets that are used are single phase, UK-type G flat three-pin plugs.

Power failures are very rare and short in duration.

METHODS OF PAYMENT

- Cash for retail shopping is still very common, especially for merchandise less than \$100 in value. Kuwait is generally a very safe country, as incidents of snatching and pick pocketing are extremely rare.

- Credit cards are widely accepted in boutiques, hotels, restaurants and department stores, and the user is always advised to hold proper identification documents. Traveller cheques are accepted at hotels and can be changed at FOREX in business-to-business transactions.

There are no restrictions on the movement of money or on the exchange of foreign currencies.

TRANSPORTATION

Kuwait City has no shortage of transportation options whether for tourists or corporate travellers. Kuwait has a well-developed road system, but there are no trains while public transport is limited to buses, which cannot be recommended to foreign visitors. Plans are underway to build a railway system in future, but buses, cars or taxis are the only means of transport available in Kuwait at present.

BY AIR

Air flights are the most common form of traveling in and out of Kuwait. There is only one international airport. SWISS International does not fly to Kuwait. Kuwait Airways is the only carrier that has direct flights to Geneva and these are subject to seasonal changes. The other alternatives mostly used for non-direct flights to and from Switzerland are KLM, Qatar Airways, Lufthansa and Turkish Airlines.

BY SEA

The Kuwait Public Transport Company offers ferry services from Kuwait City to Failaka Island daily (One hour trip). The island has been deserted by its population since the Iraqi invasion of the country in 1990 and is now visited as a touristic attraction. The Kuwait-Iran Shipping Company has scheduled ferries to and from Iran, wherein ferries go three times a week from Shuwaikh Port in Kuwait to Bushehr in Iran.

In addition to three oil loading ports in the south, the Shuwaikh seaport in Kuwait city is practically the country's main commercial port which receives no less than 90% of Kuwait's total exports.

BY ROAD

Public transport in Kuwait consists of a modest fleet of buses, which do not cover all areas and are not known for punctuality. Private cars are practically the only means of transportation. Kuwait has one of the world's highest ratios of cars to population at one car for each two persons. A Swiss visitor can either rent a car through the hotel or from car rental offices in the city centre or use taxis. A medium sized 4-passenger car can be rented for about KWD 10 per day (CHF 33), while an average trip by taxi can cost KWD 3.000 (CHF 10). The rate for a taxi from the airport to downtown, and vice versa, is around KD 10 (CHF 33).

BY RAIL

Kuwait Metro is one of the upcoming projects in Kuwait. The construction of a metro system in Kuwait is looked at as a major step ahead in the development of the State. The project has experienced repeated delays caused by red tape and it is not expected to see the light before 2020.

HOTELS

There are about 17 five-star hotels in Kuwait, some 23 four-star, and 19 three-star hotels, in addition to tens of hotel apartment complexes. The Sheraton and JW Marriott are located in the city centre and are generally favoured by visiting businessmen for their proximity to headquarters of local companies, banks, government offices and the Chamber of Commerce. The five-star hotels go for a uniform rate of KWD 85.000 (CHF 280) plus 15% service charge for a single room and KWD 67 (CHF 220) plus 15% service charge in a four-star hotel.

The Hilton Olympia Kuwait is set to open in 2019 and Grand Hyatt is set to open in 2020.

Hotel apartments can be cheaper and are often preferred by foreign visitors coming for long stays. Their numbers are also on the rise and the new ones are of good quality.

COMMUNICATION

Land phone lines are provided by the Ministry of Communication and local calls are free of charge. Three private communication companies compete in the Kuwaiti Mobile Communication Market.

Kuwait offers a dynamic telecoms sector with a strong bias towards mobile infrastructure and services. The country offers opportunities due to its high penetration of mobile and emerging mobile content and services sector.

Zain launched first integrated 5G network in Kuwait in June 2018, which will provide high-speed with high efficiency communication.

TELEPHONES

The country code of Kuwait is: 00965

Within Kuwait, there are no codes for areas.

Swiss phones with the roaming service can function in Kuwait. The rate for calling Switzerland from Kuwait is KWD 0.170 (CHF 0.54) per minute.

The email has become widely used in the business community but not all the existing Kuwaiti trade directories list email addresses yet.

CELL PHONES

Kuwaiti mobile numbers can be called free of charge from any landline. Mobile phone numbers have eight digits but no special code.

BUSINESS HOURS

Government offices work from 08:00 to 14:00, Sunday through Thursday. However, government officials down to low-ranking employees generally avoid meetings in the first and last hour of a working day. With very few exceptions, government agencies and departments do not take a lunch break.

Private companies work from 08:00 to 13:00 and from 16:00 to 19:00, Saturday through Thursday. Banks are open for the public from 8:00 to 15:00 (few branches work afternoon shifts) from Sunday through Thursday. ATMs are available in shopping centres and in many of the branches of Kuwait's ten commercial banks.

ADDRESSES AND OPENING HOURS OF THE EMBASSY OF THE COUNTRY IN SWITZERLAND

The Kuwaiti Embassy in Bern

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P.O. Box 458

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Tel.: +41 31 – 365 7000

Fax: +41 31 – 365 7001

Email: info@kuwaitembassy.ch

Website: www.kuwaitembassy.ch

Opening hours: 09:00 to 12:00 and 13:00 to 16:00, Monday to Friday

ADDRESSES OF THE SWISS EMBASSY AND CONSULATES

The Embassy of Switzerland to Kuwait
Qortoba, Block 2, Street 1, House No. 122
Tel.: +965 – 2534 0172//5
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Email: kow.vertretung@eda.admin.ch
Website: www.eda.admin.ch/kuwait

Opening hours: 07:00 to 15:00, Sunday through Thursday, the Embassy is closed on Friday and Saturday.

TIPS FOR INITIATING BUSINESS CONTACTS

Kuwait is pressing ahead with plans to expand and modernize its infrastructure and to significantly increase its production of water and electrical power. This, in effect, is giving rise to several multi-billion-dollar projects, some of which are already underway. Public tenders are open mainly to pre-qualified foreign and local companies. Swiss firms must act accordingly and try to establish contacts with local potential partners (agents and sponsors) for possible partnership to execute, or supply material to a given project. Kuwait has one of the world's largest Sovereign Wealth Fund (SWF) which was unofficially estimated at about USD 590 billion in FY 2017-2018.

Swiss firms wishing to export their products or services to Kuwait need to have patience and perseverance as registration formalities and other paperwork usually take a long time to complete. Regardless of who initiated the contact, the Swiss exporting company needs to present its product elaborately. The dispatch of a pictorial catalogue may not be good enough to trigger the desired reaction. Kuwaitis know that their country is a highly competitive import market and are used to getting many such offers. Since the process from the first contact to decision-making is rather lengthy, a Swiss company will be well advised to follow up on its first contact. Kuwaitis are clever merchants with a lot of exposure to the international markets. As such, a Swiss exporter should be prepared for tough bargaining.

A Swiss exporter would do well to underscore the durability and high quality of his product, settle for a reasonable profit margin and always be willing to cut down the first price he had offered. The case is especially so, if his customer is a supplier to the public sector. The customer in that case could be willing to compromise on the specifications but not on prices, as government tenders are usually won by the lowest bidders.

BUSINESS PRACTICES

A foreign supplier generally needs a local agent in Kuwait to oversee the import formalities, defend the trade mark, and secure distribution of the product. The local agent is particularly needed if the end user of a product or service is a public sector entity. The government buys its requirements through public tenders which are generally open only to local suppliers, who are agents of foreign principals. Occasionally, international firms are invited to pre-qualify for upcoming large-scale projects, and the local agent would be instrumental to complete the pre-qualification procedures for the foreign company. Kuwait may have eventually to scrap the agent/sponsor system to comply with WTO regulations but this is not happening in the near future. However, a Swiss company must not jump into an agency agreement until and unless it has conducted a careful examination of the agent's standing and capabilities in the market. Kuwaiti regulations provide ample protection to local agents, making cancellation of an agency agreement a rather lengthy and costly process for the foreign principal. A trial period of one year would be recommended before signing any documents.

With or without an agency agreement, a Swiss exporter should secure a safe method of payment when dealing with private companies. A Letter of Credit remains the best such method. Government agencies normally never fail to honour their financial commitments, though some delays might occur due to bureaucracy.

Kuwaiti businessmen generally respect their commitments, but problems of outstanding payments occasionally pop up, as a result of miscommunication or misunderstanding with regard to specifications of the dispatched merchandise, or as a result of delayed shipment and other technicalities. But because of the sharp drop in oil prices since the last quarter of 2014, liquidity shortages in the public as well as the private sector have become more visible and were adversely affecting financial commitments in general terms.

In disputes related to outstanding payments, the Swiss supplier will be better off to seek an amicable settlement, even if it entailed some sacrifice. Legal action against the customer could take years and be costly in legal and translations fees. Kuwaiti courts would only accept documents in Arabic.

Kuwaitis are friendly to guests and are quick to add a personal touch to a business relationship. The Swiss are always expected to live up to their image, as Switzerland is widely viewed as the paramount of excellence on all fronts. Things move at a slow tempo and tight deadlines are not welcome. For a major deal, an eye-to-eye encounter can do what hundreds of faxes and e-mails cannot. The Kuwaiti business world is dominated by men, though the number of women corporate executives is on the rise. Therefore, a Swiss firm would better send down a male negotiator when the need arises. A female representative will certainly be treated with utmost respect but the meetings will be too formal. All the more so, if the Kuwaiti partner happens to be a conservative Muslim, a Swiss of Arab origin is not necessarily an advantage.

A business meeting does not jump “to the point” instantly as ample time is usually given to a preliminary informal chat to break the ice.

A foreign visitor is always offered a warm welcome and is expected to reciprocate by avoiding being too formal. Kuwaitis have compounded names where often the last name could be the name of the person’s grandfather, not of his family. After the exchange of business cards it is safely polite for a Swiss visitor to use the title Mr. with the first name of the person. Likewise, the Swiss visitor should not be offended if he was addressed with his first name, especially if his surname is multi-syllabic and difficult to pronounce. Kuwaitis can also quickly go on first-name basis as sign of endearment. Anyone with a PHD Degree, regardless of specialization, is referred to as Doctor.

If the Kuwaiti businessman is member of Al-Sabah ruling family, he must be addressed as “Sheikh” plus his first name and never as Mr. Al-Sabah. A female member of the ruling family is addressed as “Sheikha”.

Like elsewhere in the Middle East, kisses on the cheeks among men are a common form of greeting on several occasions. Touching, like a pat on the shoulder, is also part of the local culture as sign of endearment. But it must be carefully avoided between men and women. Swiss men will be well advised not to offer to shake hands with a Kuwaiti woman wearing (the Islamic) head cover, unless she initiates the gesture. By the same token, Swiss women would avoid offering a handshake with Kuwaiti men unless the other side offers to. Homosexuality is not tolerated by the local culture and signs of it are better kept invisible.

Kuwaiti corporate executives very often take their foreign guests to business lunches or dinners outside, or host them to a reception at the residence as a gesture of hospitality.

SPECIAL FEATURES ON THE MARKET

Kuwait is a very open market with a high purchasing power and good potential for Swiss quality products. The country is trying to restore some of the glory of the recent past when it was used to be described as the Jewel of the Gulf. Shortly after assuming leadership in January 2006, the Amir H.H. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah has pledged to transform the country into an international financial and commercial hub. But on the ground, not much has been done yet to attain that goal.

The huge surpluses accumulated from oil revenues in the period 2004-2013 gave Kuwait new confidence in its economic future. Kuwait is working on a reform plan to face the challenges of the low oil prices to reach a balance in the national economy through diversification of income sources and reduction of general expenses. The value of the planned projects by the end of 2019 is set to reach USD 72 billion. Kuwait’s massive project in the hydrocarbons sector, several projects in the oil sector and petrochemical complex, as well as projects in the transport sector including the international airport

expansion and the construction of a railway network project, and a waste management plant will be part of Kuwait's 2018-2019 development plan.

China, USA, UAE, Germany, Saudi Arabia, India, Japan, South Korea, Italy and Britain are the largest suppliers of merchandise to Kuwait, while other Far East countries have a fast-growing share of the market in consumer goods and are increasingly involved in major construction and energy projects.

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