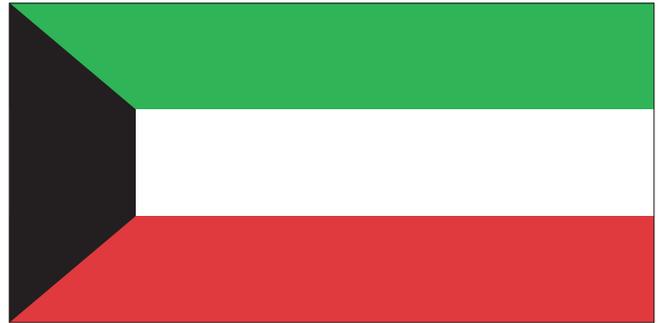


UKTI DSO PRIORITY MARKET BRIEFS

# DEFENCE & SECURITY OPPORTUNITIES: KUWAIT



## WHY THIS MARKET IS IMPORTANT

Kuwait is a key defence partner of the UK; the relationship is deep and extends back many years. The UK has come militarily to the aid of Kuwait on a number of occasions including the Liberation of Kuwait from Iraq in 1991. British Loan Service Personnel are stationed in Kuwait and Kuwait has a number of key equipment platforms from the UK, although a large percentage of the KAF's equipment is US. UK training and doctrine is widely used and the UK run Kuwait Staff College retains strong links to the UK Staff College. It is renowned throughout the Gulf.

## ECONOMIC BACKGROUND

**GDP (National Currency BN):** 39.788 (2008)  
28.244 (2009) 33.67 (2010) 36.68 (2011)  
40.164 (2012) 43.645 (2013) 47.055 (2014)  
50.767 (2015)

**GDP (BN\$):** 148.017 (2008) 98.416 (2009)  
117.316 (2010) 127.803 (2011) 139.943 (2012)  
152.071 (2013) 163.954 (2014) 176.887 (2015)

**GDP per capita (National Currency):** 11,557.30 (2008)  
7,988.36 (2009) 9,336.30 (2010) 9,971.41 (2011)  
10,704.52 (2012) 11,404.09 (2013) 12,054.18 (2014)  
12,749.99 (2015)

**GDP per capita (US\$):** 42,994.61 (2008)  
27,835.44 (2009) 32,530.48 (2010) 34,743.37 (2011)  
37,297.75 (2012) 39,735.29 (2013) 42,000.38 (2014)  
44,424.79 (2015)

## DEFENCE ECONOMICS

**Defence Budget:**  
**2007:** US\$5.109bn  
**2008:** US\$4.660bn  
**2009:** US\$4.485bn

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## **DEFENCE OPPORTUNITIES**

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Plenty of opportunities exist in the Kuwait defence market. We judge that the main defence prospects include forthcoming programmes for:

Combat aircraft; Air Defence systems; Wheeled Armoured Vehicles; Desert Warrior upgrade; EFT training aircraft and Corvettes.

Other priorities include: C2; C4i; UAVs; ammunition; EW; logistic support; training and communications. This list is not exhaustive.

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## THE KUWAIT DEFENCE MARKET AND HOW TO DO BUSINESS

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The following general information is intended as a preliminary guide to help UK defence companies understand the Kuwait Defence Market. It is not intended to be exhaustive.

### **The Kuwait Defence Market Fundamentals Needed to Succeed in the Kuwait Defence Market**

Patience, persistence and, in most cases a strong local partner with a track record of success. Your partner should also be able to provide significant local intelligence. You will also need a competitive product that meets the requirements of the Kuwait Armed Forces.

Procurement can take a significant amount of time from identifying the requirement to actual contract. It is not unusual for this to be measured in years. Once an RFQ has been issued the time to contract is likely to be around 18 months but can be significantly longer. KMOD rarely defines requirements in the same detail as would be expected in the UK and may run competitions requiring demonstrations of equipment at very short notice. These competitions can seem to be the reverse of the UK acquisition process.

KMOD does some basic research online and can miss out some well known products and companies for its requirements. To mitigate this companies need regular contact and visits to ensure good communication with Kuwait customer. Companies should not rely solely on their partner for this. Supplying KMOD's Foreign Procurement team with regular product or service updates is also key to enhancing your profile.

When a defence contract exceeds KD3m companies will incur an offset obligation. Information on offset can be found at [www.kuwaitnoc.com](http://www.kuwaitnoc.com).

### **Routes to Market**

- Direct commercial contracts
- Via established partner companies in Kuwait
- As sub-contractors to major prime contractors
- Through government to government arrangements (where applicable and appropriate)
- Smaller contracts, such as limited spares orders, may be made through the Kuwait Military Affairs Office in London. The KMAO is attached to the Kuwait Embassy.

### **HMG Support**

For the Kuwait Defence and Security market, advice, support and assistance to UK companies is provided by UKTI DSO RD Central in London. There is also dedicated DSO support within the British Embassy in Kuwait.

### **Kuwait Export Controls**

All military equipment or transfer of knowledge will require MoD F680 approval. The MoD F680 is designed for the release of Defence Information, or the export of Defence Equipment overseas. If exporters plan to sell, demonstrate promote or export certain equipment, goods or information which is classified, they will need Ministry of Defence (MoD) clearance to do so.

### **Export Licences**

Items exported from the UK to Kuwait that is subjected to export needs a licence. The BIS Export Control Organisation is responsible for assessing and issuing (or refusing) export licenses for a wide range of controlled so called 'strategic' goods. This includes military and dual-use items. Exporters are responsible for complying with the law, understanding the regulations and keeping informed. All licence applications are risk assessed on a case by case basis, with regard to the consolidated EU and National Arms Export Licensing Criteria.

Please click on the attached link for further information: <http://www.bis.gov.uk/policies/export-control-organisation>

### **Visit Security Clearance**

Further guidance and the required forms are at: <http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/SecurityandIntelligence/DESPSYA/InternationalVisitsControlOffice.htm>

## ARMED FORCES – MILITARY STRENGTH

<b>Active</b>	<b>15,500</b>
Army	11,000
Navy	2,000
Air	2,500
Paramilitary	7,100
Terms of service voluntary	
<b>Reserve</b>	<b>23,700</b>
Joint	23,700
Terms of service obligation to age 40: 1 month annual trg	

Source: IISS and the Military Balance 2010

## SECURITY ISSUES

**Involvement in overseas deployments:** The Kuwait Navy recently deployed to assist coastal protection of Bahrain.

## DOMESTIC DEFENCE INDUSTRIAL CAPABILITY

None

## DEFENCE IMPORTS & EXPORTS 2005-09

### Identified country suppliers/market share:

<b>USA</b>	(78%)
<b>UK</b>	(8%)
<b>Italy</b>	(8%)
<b>Germany</b>	(5%)

**Identified Kuwait Defence Exports:** None Declared

Source: UKTI DSO Survey of Defence Exports & Various Open Sources

## COMPETITORS

Information available in chargeable version of document.

## PROCUREMENT ORGANISATION

Foreign acquisition in the Kuwait Ministry of Defence is undertaken by KMOD's Foreign Procurement department. This department is based in KMOD HQ and is adjacent to the Minister's offices. It is also with the boundary of Camp Mubarakiya, the Joint HQ of Kuwait Armed Forces.

The Foreign Procurement department is headed by the Assistant Under Secretary Foreign Procurement, it is a mainly civilian organisation but recently has had an increasing number of military officers involved. It is split into two main areas, one dealing with various government to government arrangements and is locally known as FMS (Foreign Military Sales), partly because of the dominance of the US FMS programme. The other area looks after direct commercial sales. The majority of the direct commercial sales are through established local Kuwait companies who represent international defence companies.

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## OFFSET POLICY

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### Source: Kuwait Government On-Line:

Establishment of the offset programme: As per the Decision No. (694), issued by the Council of Ministers dated July 26, 1992, Kuwait Offset Programme was established.

Management of the Kuwait Offset Programme: The National Offset Company is responsible for the management of the Kuwait Offset Programme. The company was established by the Council Of Ministers' Decision No. (863/2005) adopted on the August 7, 2005. It was formed as a government owned closed shareholding corporation, adopting private sector practices in conducting its business. On April 19, 2006, the National Offset Company was founded under commercial registry No. (114257). On July 5, 2006, it signed a Management Contract with Ministry of Finance, to run Kuwait Offset Programme on its behalf. On September 2, 2006, the company started operations.

What is Offset: An obligation imposed on defence contracts that are signed by government entities, in addition to civil contracts. The value of the defence contracts must be (3.000.000) KD or more, and that of the civil contract must be (10.000.000) KD or more.

Value Offset Obligation: The value of the offset obligation is estimated at (35 per cent) of the net monetary value of the supply contract. However, there is a possibility of deducting the monetary value of any of the following from the supply contract, if existent:

- Subcontracts signed with local Kuwaiti companies
- Purchases of goods and services of national origin that are obtained within the context of the supply contract
- The monetary value of the Kuwaiti share in a joint venture that is subject to offset
- The balance of offset credits achieved as a result of: charges incurred to secure a bank guarantee, and/or procurement of goods and services of national origin outside the scope of the initial contract, and/or previously achieved offset credits (future credits) that are carried forward, and/or other offset credits.

Offset Multiplier: Financial incentive system undertaken to lure offset obligated foreign companies into investing in projects that achieve the objectives of the Offset Programme. This system enhances a reduction in the value of the initial offset obligation by a ratio equivalent to the multiplier value that is defined for the offset project.

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## KEY PERSONALITIES

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<b>First Deputy Premier and Minister of Defence</b>	HE Sheikh Jabber Al Mubarak Al Hamad Al Sabah
<b>Chief of Staff, Kuwait Armed Forces</b>	HE Sheikh Ahmed Al Khalid Al Sabah
<b>Under Secretary, KMOD</b>	Jasser Al Jasser
<b>Assistant Under Secretary Foreign Procurement, KMOD</b>	Ahmed Khalid Al Aradah
<b>Assistant Chief of Staff J4</b>	Maj Gen Ali Al Ateeqi

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## FURTHER INFORMATION

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If you require further information, a more detailed fact sheet is available to UK registered companies for £100 from:

UKTI Defence & Security Organisation  
BD Market Analysis  
1st Floor  
1 Victoria Street  
London SW1H 0ET

T: +44 (0)20 7215 8209

E: [dso.businessservices@ukti.gsi.gov.uk](mailto:dso.businessservices@ukti.gsi.gov.uk)

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## NEXT STEPS – HOW UKTI CAN HELP

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British companies wishing to develop their business in the market are advised to undertake as much market research and planning as possible in the UK. UKTI's team in Kuwait, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the Kuwaiti market
- Establishment of interest of such contacts in working with you.

This work is available via our Overseas Market Introduction Service (OMIS) a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find contact details for your local UKTI office.

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## OTHER USEFUL CONTACTS

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### **Kuwait Desk; UKTI Defence & Security Organisation**

RD Central

UKTI Defence & Security Organisation

T: +44(0)20 7215 8148

### **Kuwait Embassy London**

2 Albert Gate,

London SW1X 7JU

T: +44(0)87 0005 6954

F: +44(0)20 7823 1712

<http://kuwait.embassyhomepage.com/>

### **British Embassy Kuwait**

British Embassy

Arabian Gulf Street

Dasman

Postal Address

British Embassy

P O Box 2

Safat 13001

Kuwait

T: (+965) 2259 4320

<http://ukinkuwait.fco.gov.uk/en/>

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## OTHER USEFUL WEBSITES

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### **UKTI – Doing Business in Kuwait**

<http://www.ukti.gov.uk/export/countries/asiapacific/middleeast/kuwait/item/109530.html>

### **Kuwait Travel Advice**

Travel information and general embassy contact details can be found at: <http://www.fco.gov.uk>

### **BBC Country Profiles**

[http://news.bbc.co.uk/1/hi/world/middle\\_east/country\\_profiles/](http://news.bbc.co.uk/1/hi/world/middle_east/country_profiles/)

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