

Preparing to export

Consultation and bespoke research

Visit: <https://www.great.gov.uk/>, for guidance for new, occasional and frequent exporters, as well as tools and sources of other information to meet your exporting needs.

Researching the Kuwaiti market

You will need to determine whether:

- there is a market for your product or service
- your pricing is competitive
- to adapt your business model
- your brand/trademark will work in a Middle Eastern market, taking into account cultural/religious considerations
- to network with an active British business group in Kuwait

The questions listed here may help – your answers to them will highlight areas for further research and also suggest a way forward that is right for your company. You may then want to use this as a basis for developing a formal Kuwait strategy, although this may not be necessary or appropriate for all companies:

Your aims:

- Do you wish to buy from Kuwait, sell to Kuwait or both?
- Do you wish to establish your own company presence in Kuwait (for example through a corporate or non-corporate entity, direct sales, appointing a local agent, online selling, licensing or franchising)?
- Do you need to be involved in Kuwait at all?
- Do you see Kuwait as part of a wider plan including e.g. other Middle Eastern markets now or in the future?

Your company:

- Can you carry out a detailed SWOT analysis of your company?

- What are the unique selling points for your product or service?
- Do you know if there is a market for your product or service in Kuwait?
- Do you know if you can be competitive in Kuwait?
- Are your competitors already in Kuwait? If so, what are they doing?
- Do you have the time and resources to handle e.g. the demands of communication, travel, product delivery and after-sales service?

Your knowledge:

- Do you know how to secure payment for your products or service?
- Do you know how to locate and screen potential partners, agents or distributors?
- Have you carried out any Kuwait-specific customer segmentation, and do you know how to best reach potential customers in-market?

It is unlikely that you will have the answers to all these questions at the outset and these 'knowledge gaps' could form the basis for further research and investigation. Some of these questions will require quantitative research in your sector, while others involve more contextual and cultural considerations.

Talking to other people in your industry and regularly visiting Kuwait will give you access to the most current advice, and such experience can often lead to new insights and form the basis for further research.

In addition there may be trade shows held in Kuwait – these would be useful to test product viability in the market. The Department for International Trade (DIT) Tradeshow Access Programme (<https://www.gov.uk/guidance/tradeshow-access-programme>) provides funding in the form of grants for eligible businesses to attend overseas trade shows. The funding helps your business gain:

- market knowledge
- experience in attending and getting the most from overseas trade shows
- advice and support from trade experts

Visit the DIT events portal at: <https://www.events.trade.gov.uk/> to find upcoming events and missions in Kuwait.

Contact the DIT team in Kuwait at:
<https://www.gov.uk/world/organisations/department-for-international-trade-kuwait#contact-us> for help or support to start exporting to Kuwait.

Getting started

UK companies setting up in Kuwait should seek professional legal advice. See: <https://www.gov.uk/government/publications/kuwait-list-of-lawyers> for a list of lawyers in-market.

Start-up considerations

You can carry out business in Kuwait in any of the following forms:

- commercial agent, under the sponsorship of a registered Kuwaiti agent
- commercial representative, under the sponsorship of a commercial representative
- a joint venture
- establishing a Kuwaiti company

The Companies Law allows a range of company structures. You can find more details of business structure on the Kuwait Government Online website at: <https://www.e.gov.kw/sites/kg0English/Pages/HomePage.aspx>.

Foreign ownership in the State of Kuwait is restricted to a maximum of 49%. However, to encourage FDI the Kuwait Direct Investment Promotion Authority (KDIPA) was set up and a new FDI law passed, which allows 100% ownership in some designated economic activities and projects. See: <https://kdipa.gov.kw/en/> for more details.

Direct exports to Kuwait

Direct selling to established importers and traders is the best route for businesses with low trade volumes to test the market.

Direct exports means you supply your products direct to the customer. You handle all the logistics of marketing, selling, sending overseas and getting paid.

However, direct marketing (DM) by overseas companies to Kuwaiti consumers is not common, as transactions have to be carried out with local importers and agents already established in Kuwait. **Free Trade Zone (FTZ)**

Licences for operations in the FTZ near Shuwaikh Port are issued through the Ministry of Commerce and Industry.

Businesses operating in the FTZ are:

- exempt from all corporate and personal taxation on operations conducted within the zone
- exempt from custom duties
- able to freely transfer capital and profits and are not subject to exchange controls
- permitted to operate with 100% foreign ownership

Overseas companies in the free zone may undertake DM themselves through online and media advertisements, subject to free zone regulations. Also foreign companies participating in local trade shows can undertake DM to promote their products at the event.

Commercial agents and distributors

A foreign business cannot establish a branch or perform any commercial activities in Kuwait except through a Kuwaiti partner or agent.

When choosing a partner or agent, you should carry out due diligence and look closely at their:

- local business reputation
- financial resources
- marketing ability

DIT's trade specialists (<https://www.gov.uk/overseas-customers-export-opportunities>) can help you identify local representatives for your products in Kuwait.

Selling online to Kuwait

Find out about DIT's E-Exporting Programme (<https://www.gov.uk/guidance/e-exporting>), which can help you export your products to Kuwait.

Check out online marketplaces in Kuwait (<https://selling-online-overseas.export.great.gov.uk/>) where DIT has negotiated listings at better-than-commercial rates.

Licensing or franchising in Kuwait

Given its high per-capita income, significant spending power, tax-free earnings and upwardly-mobile population, Kuwait is highly receptive to franchising, and it is a growing area, particularly for quality education and training services. However, you should take advice from a local legal franchise expert who understands Kuwaiti law and other requirements. You should also ensure you carry out due diligence when selecting a franchisee, take appropriate IP protection and be conscious of Islamic dietary laws (halal meat/cosmetic products, prohibition of pork and alcohol content, etc.) as well as local dress and customs.

Visit the international section of the British Franchise Association at: <http://www.thebfa.org/international> for more information on franchising.

[Source – DIT/ gov.uk]

Getting finance to fulfil an export contract in Kuwait

Overall, Kuwait ranks 96th out of 190 economies in the World Bank's 2018 Doing Business ranking, although 133rd for ease of getting credit. See: <http://www.doingbusiness.org/data/exploreeconomies/kuwait>.

Schemes are available to UK companies selling products and services to Kuwait to make it easier to fulfil an export contract and grow your business. Contact your bank or specialist financial organisations for assistance.

UK Export Finance (UKEF) has significant risk capacity to support exports to Kuwait, see: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#kuwait>. You can contact one of UKEF's export finance advisers at: <https://www.gov.uk/government/publications/find-an-export-finance-manager> for free and impartial advice on your finance options.

Getting paid in Kuwait

You may wish to talk to a specialist about finance, including how to get paid in Kuwait. This could be a bank, an accountant or you can contact the DIT team in Kuwait at: <https://www.gov.uk/government/world/organisations/department-for-international-trade-kuwait#contact-us> to help find a financial adviser in Kuwait.

You will need to work out how you are going to get paid before you sign a contract, and include wording on how you should resolve a dispute – for example, whether you go to arbitration.

Your contract should specify the terms for payment. If there is any dispute you will need to go through the Kuwaiti legal system for resolution.

Payment risks

UKEF helps UK companies to get paid by insuring against buyer default.

Be confident you will get paid for your export contract. Speak to one of UKEF's export finance advisers at: <https://www.gov.uk/government/publications/find-an-export-finance-manager> for free and impartial advice on your insurance options or contact one of UKEF's approved export insurance brokers at: <https://www.gov.uk/government/publications/uk-export-finance-insurance-list-of-approved-brokers/export-insurance-approved-brokers>.

Currency risks when exporting

If you have not fixed your exchange rate you have not fixed your price.

You should consider whether the best option for you is to agree terms in Sterling, US Dollars or Dinar in any contract. You should also consider getting expert financial advice on exchange rates (sometimes called FX).

[Source – DIT/gov.uk]

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