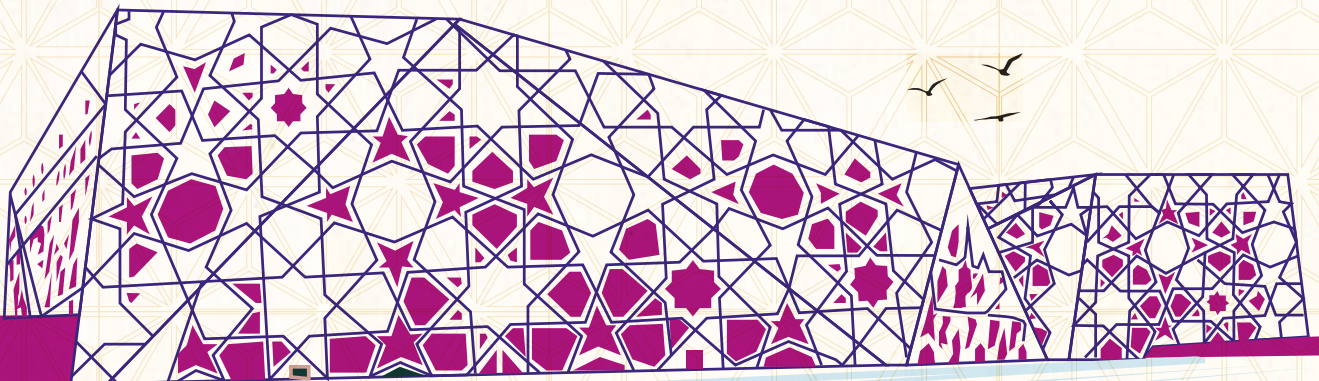




Beyond the Arabian Sea

**Bridging the gap between
Kuwait and China**

November 2024



穿越阿拉伯海



RESEARCH JOURNEY
For Social & Cultural Connections

Beyond the Arabian Sea
Bridging the gap between Kuwait and China

A joint initiative by Research Journey and KPMG in Kuwait

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前言

Foreword KPMG in Kuwait



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Business Desk Lead
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China and Kuwait have been allies for decades and their partnership is getting stronger with time.

What's to note is, this relationship has expanded across multiple dimensions in the last few years. We have witnessed transformations in the business, economic, and cultural landscapes, as China and Kuwait continue to take bigger steps towards forging stronger relationships.

This thought leadership is an accumulation of personal stories and economic studies that attempt to give a holistic view of Kuwait's history and cultural and economic landscape. The paper also touches on the involvement, growth, and expansion of Chinese businesses in Kuwait — something that, we as KPMG Kuwait, have witnessed by working closely with numerous Chinese companies in Kuwait over the years.

Under the umbrella of our China Business Desk, which was established in 2021, KPMG in Kuwait has supported multiple Chinese companies across sectors to help strengthen their presence in Kuwait, the GCC region, and the wider MESAC (Middle East, South Asia, Central Asia and Caucasus) region.

For this report, we joined hands with Research Journey, a homegrown research organization that aims to bridge any gaps and strengthen the



ties between China and Kuwait by providing common platforms that people from both nations can leverage to connect and grow.

With Research Journey's support, we were able to reach out to many individuals who shared with us their experiences relating to China and Kuwait and opinions on how the existing partnership between the two countries can be fortified.

We would like to thank Hu Hanming, Counselor of Economic and Commercial Affairs of the Chinese Embassy in Kuwait, Zhang Yongda, President — Kuwait Chinese Associations, Dr. Baisen He, Executive General Manager, China Gezhouba Group International Engineering Co.,Ltd., and Xia Jianfeng, Director — China Cultural Center in Kuwait for providing us with their insights and helping us deepen the impact of this publication.

We hope you enjoy reading this report as much as we did piecing it together. We also hope that we were able to represent the individuals and present the stories they shared with us in the right manner.

If you wish to discuss this report further, want to learn more about the opportunities for Chinese businesses in Kuwait, or simply wish to speak with us, please feel free to reach out to us.

Foreword

Research Journey



Dr. Alanoud AlSabah
Founder— Research Journey

Cultural relations have always been at the core of the China-Kuwait relationship and they will remain the foundation of its development in the future.

China and Kuwait's friendship dates to Kuwait's independence in 1965. Since then, both countries have strived to strengthen their cultural exchange across education, arts, sports, language and in the culinary space, among other areas.

Through the interviews and information shared in this paper, we wanted to highlight the notable contributions of some Chinese and Kuwaiti people who have played fundamental roles in the growth of the culture both countries share today. In addition, we have attempted to create a better understanding of China and its culture in the Kuwaiti society.

At Research Journey, through our collaboration with KPMG in Kuwait, we have aimed to help bring together both cultures and amplify the efforts to connect people from both the countries with potential opportunities.

I would like to thank our interviewees for taking the time to participate in this publication and for their keenness to promote and support the Chinese and Kuwaiti cultures. I am also thankful to KPMG in Kuwait for their interest in the topic and for collaborating with us.

I hope you will find this publication useful and look forward to hearing your thoughts on it.

Enjoy the read.

Rationale

and Methodology

When we, i.e., Research Journey and KPMG in Kuwait, set out to create this thought leadership, we faced a host of daunting challenges. These included:

- summarizing a decade-long history between the two countries;
- providing an overview of the current economic trends and forecast; and
- bringing out key messages from personal stories of important individuals who play (have played) a crucial role in fostering the Kuwait-China relationship.

Our goal has been to create a thought leadership of value. Therefore, we have used multiple research methods to put together this publication.

In this report, you will find:

- **An account of the historic and cultural aspects surrounding China and Kuwait.** For this section, Research Journey used

a combination of primary and secondary research to provide a narrative on China and Kuwait's partnership from the 70s, along with important milestones that have occurred until today.

- **An overview of Kuwait's economic and sector outlook.** This section outlines Kuwait's economic and sector outlook using secondary research conducted by KPMG through multiple sources. The sources have been mentioned under the Bibliography section and across the paper. We thank everyone who helped us directly and/or indirectly in writing these sections.

- **Excerpts and insights from personal interviews of key individuals.** To add a more humane touch to the publication, we conducted personal interviews of individuals and/or organizations who have a deeper understanding of the socio-political, economic, and cultural landscapes common to

China and Kuwait. These individuals provided us with accounts of their own experiences and perspectives on the overall relationship between the two countries and shared their thoughts on the next phase of this partnership.

We would like to thank the following people for helping us shape this paper:

Dr. Alanoud AlSabah, Ankul Agarwal, Muhammad Hanan Tariq, Imran Shaik Najeebuddin, Changfeng Wang, Deeba Shahab, Anna Chouprinova, Shubhra Mudgal, Shashi Shankar Ghosh, and Amlan Suryabanshi

Disclaimer: The facts and findings shared are based on the information that was available at the time of this report's creation (Q2'2024) and may differ from present numbers.



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Kuwait-China Relationship

An ongoing commitment towards cooperation

In September 2023, His Highness the Amir of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al Sabah met the President of the People's Republic of China, Xi Jinping, further cementing a relationship that started about 50 years ago in the 70s.

Since 22 March 1971, the State of Kuwait and the People's Republic of China have been working together towards the development of trade, economic cooperation, cultural exchange, and socio-economic and political landscapes.

Throughout Kuwait's history, such as the liberation of Kuwait in 1991, Arab Spring in 2011, and the Arab-Israeli Conflict that erupted on 7 October 2023, China has played a mature and balancing role in the affairs of the Middle East region.

During the COVID-19 pandemic, Kuwait's then-Amir His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah instructed the cabinet to

provide supplies worth USD3 million for China to enhance its capacity to combat the COVID-19 pandemic.

Mutually, China is perceived to support Kuwait during the COVID-19 pandemic with medical supplies and visits to ensure the safety and prosperity of the population in Kuwait.

This deepens the Chinese medical team's long committed friendship and support to help Kuwait's society be healthy and prosperous by transmitting the knowledge of Chinese medicine, with medical teams forming part of Al Sabah Hospital Complex since 1973.

As we draft this paper, China has become Kuwait's number one trade partner,¹ securing large infrastructure projects such as Mina Mubarak Al-Kabeer port and Al-Shagaya Renewable Energy Park.

This second wind in the trade relation between both countries started a few years ago when China launched the

One Road One Belt initiative in 2018, and Kuwait became the first country in the Middle East region to get on-board with China.

With the signing of the One Belt One Road Initiative, the bilateral relationship between two nations entered a new stage called 'China-Kuwait Strategic Partnership'.

Since 2018, we have been observing an acceleration in the bilateral trade across the region, including the China GCC Summit and Arab-China Summit in Riyadh that penned down four areas of partnerships that included the following²:



- China and the Gulf Cooperation Council (GCC) should be partners for greater solidarity, further consolidate mutual political trust, and firmly support each other's core interests.
- China is looking forward to working with all parties to advance the implementation of the Global Development Initiative (GDI) and follow through on the 2030 Agenda for Sustainable Development, with a view to promoting regional development and prosperity.
- China will continue supporting the GCC countries in safeguarding their security and regional countries' efforts to resolve differences through dialogue and consultation and building a Gulf collective security architecture.
- China and the GCC should partner for cultural prosperity, enhance interactions between their people, and increase cultural exchanges to promote Eastern cultures.

These commitments resonated again in the visit of His Highness the Amir of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al Sabah, during his meeting with President Xi Jinping³, where both the countries formally signed a joint statement on the five-year (2024–2028) cooperation plan to partner across various sectors such as investment, energy, infrastructure, environmental governance, and digital economy.

In return, Kuwait will continue supporting China's rural revitalization strategy and providing fair, transparent, and non-discriminatory market conditions for Chinese enterprises to invest in Kuwait.

The China-Kuwait trade volume surpassed USD30 billion in 2022, with an increase of more than 40% of the same period of the previous year⁴.

In 2023, the bilateral trade volume was USD22 billion, and the decrease was linked to the fluctuating price of the oil markets.

Kuwait continues to support the development of China via its Kuwait Fund for Arab Economic Development (KFAED) with a total of 40 loans worth USD1 billion on transportation, agriculture, and energy sectors from 1982 to 2023⁵.

Furthermore, China has more than 40 companies present in the Kuwaiti market ready to contribute to Kuwait's development and make investments into the Kuwaiti market, with a value of USD1 billion in 2018 and USD500 million by 2021⁶.

Kuwait, on the other hand, has a significant presence in China: an embassy in Beijing, consulates in Shanghai, Guangzhou and Hong

Kong, a Kuwait Investment Office, and a Kuwait Petroleum Office in Shanghai.

Additionally, Kuwait's investment is approximately USD40 billion in the Chinese market. The National Bank of Kuwait (NBK) also has a branch in Shanghai since 2017, aiming to open opportunities to invest in Middle Eastern markets⁷.

To conclude, the partnership between these two nations continues to flourish and we hope to see much stronger relationships in the future.



Perspectives from
Hu Hanming
Counselor of Economic and
Commercial Affairs of the Chinese
Embassy in Kuwait.

As the Counselor of Economic and Commercial Affairs in Kuwait, can you describe the bilateral trade between China and Kuwait in the past five years?

I would like to use the phrase 'steady development' to describe the economic and trade relations between China and Kuwait in the past five years.

Since establishing strategic partnership in 2018, the relationship between China and Kuwait has been on the track of rapid development.

Especially in December 2022 and September 2023, President Xi Jinping and His Highness the Amir of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al Sabah, who was then the Crown Prince, met twice in less than one year, and the economic and trade relationship between China and Kuwait entered a new stage where much more can be accomplished.

In terms of trade, China has maintained its position as Kuwait's largest trading partner in the past five years. The total bilateral trade volume exceeded USD30 billion in 2022, a year-on-year increase of 42.3%. And that volume is maintaining a high level of USD22.39 billion in 2023, with Kuwait's total imports from China increasing by 7.3%.

At present, Kuwait is China's ninth largest source of crude oil imports, and China is Kuwait's largest crude oil export destination. China's steel, electrical equipment and many other products have strongly supported the construction of Kuwait's large-scale projects.

Chinese cars and mobile phones are widely praised in the Kuwaiti market. The high-quality and affordable Chinese products have brought benefits to the local people too.

In terms of investment, according to the statistics from the Kuwait Direct Investment Promotion Authority (KDIPA), the total direct investment of Chinese companies in Kuwait is about USD554 million as of March 2023, which shows an increase of more than 20 times compared to 2018.

China has also jumped from 11th in 2018 to 2nd in the ranking of foreign investment sources in Kuwait. Chinese companies such as Huawei and China State Construction Engineering Corp. have established wholly-owned subsidiaries in Kuwait.

In 2018, the first overseas office was established by the Kuwait Investment Authority (KIA) after Kuwait's independence was settled in Shanghai, China. In 2019, Kuwait's sovereign wealth fund invested USD200 million in the Jinan-Qingdao High-speed Railway, becoming the first foreign investment institution to invest in China's high-speed railway.

KIA also invested in many high-quality Chinese A-shares (mainland stock market) and H-shares (Hong Kong stocks) companies. NBK and other Kuwaiti agencies have also set up branches in China.

In terms of project contracting, Chinese companies have participated in several key projects under Kuwait Vision 2035 and landmark projects, covering energy, telecommunications, construction, transportation, housing, and other fields.

Sinopec Engineering Group has been strengthening its cooperation with Kuwaiti partners and has become an important oil and gas service company in the local market. The Central Bank of Kuwait's (CBK) new headquarters, built by China State Construction Engineering Corp., is printed on Kuwait's new banknotes. Huawei actively participates in the construction of Kuwait's 5G network and facilities and has become a critical telecommunication equipment provider for Kuwait.

In 2023, China Gezhouba Group Corp. undertook the Kuwait South Saad Al-Abdullah City Housing Project, which is the largest construction project in Kuwait in recent years.

What are the main sectors that China is interested in developing and investing in within Kuwait?

The economies of China and Kuwait are highly complementary, providing broad development space for bilateral practical cooperation. So far, China and Kuwait have in-depth cooperation in many fields, including traditional industries such as oil and gas, electricity and construction, as well as emerging fields such as digital communications, e-commerce, and soil remediation.

In September 2023, President Xi Jinping met with His Highness the Amir of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al Sabah, who was then the Crown Prince, and expressed China's willingness to deepen the docking of development strategies with Kuwait and strengthen cooperation in investment, energy, infrastructure, environmental governance, digital economy, and other fields.

The two leaders witnessed the signing of a five-year bilateral cooperation plan and a number of bilateral cooperation agreements in the fields of renewable energy, infrastructure construction and environmental governance, etc.

The relevant parties from both China and Kuwait communicate intensively and work together to continuously implement the important consensus reached between the two leaders at the meeting, promote the implementation of relevant bilateral cooperation documents, and strive to achieve early harvests.

Both countries guide and support more Chinese and Kuwaiti enterprises to carry out mutually beneficial cooperation, participate in development investment in relevant key areas, and enhance the level of cooperation in the industrial and supply chains.

How do you envision China's role in Kuwait Vision 2035?

I noticed that Kuwait Vision 2035 has three main aspirations, eight strategic developmental goals and seven pillars, covering all aspects of economic and social development, such as enhancing economic vitality, encouraging reform and innovation, improving infrastructure, strengthening international cooperation, and improving people's livelihood and welfare.

The Belt and Road Initiative proposed by China is guided by the principle of extensive consultation, joint contribution, and shared benefits. China and Kuwait's joint construction of the Belt and Road is beneficial to Kuwait's realization of the Kuwait Vision 2035.

Over the past ten years since China and Kuwait signed the Belt and Road cooperation document, bilateral cooperation has achieved fruitful results across various fields.

I believe that the potential of China-Kuwait economic and trade cooperation will be further explored with the in-depth docking of the Belt and Road Initiative and Kuwait Vision 2035.

I think that the following aspects may be focused on:

- Strengthening policy coordination. To implement the important consensus of the leaders of the two countries, and to promote the five-year plan for bilateral cooperation and cooperation agreements in key areas. To draw the largest 'concentric circle of strategic mutual trust and mutually beneficial cooperation between China and Kuwait, via consolidating and deepening communication and exchanges in all fields and at all levels through multiple and bilateral platforms.
- Improving facilities connectivity. To support the two countries' enterprises to deepen cooperation in energy, communications, digital economy, and other fields. To strengthen the bilateral 'hard connectivity' of infrastructure such as railways, roads, ports, and networks, as well as promote 'soft connectivity' in terms of rules, standards, and technologies.
- Accelerating unimpeded trade. To give full play to the role of the Joint Economic and Trade Committee

and other mechanisms to further enhance the level of investment and trade facilitation. To promote the early completion of the China-GCC Free Trade Agreement negotiations and the establishment of the China-GCC Free Trade Zone, and to encourage enterprises from both sides to actively participate in exhibitions held by the two countries.

- Deepening financial integration. To continue deepening cooperation in the financial field, to innovate forms of financial cooperation, to support UnionPay's docking development in Kuwait, to explore monetary cooperation. All these may also provide stronger support for cooperation in other fields.
- Increasing people-to-people bonds. To further strengthen mutual learning between civilizations, expand cooperation in the fields of health, culture, and tourism, and to better facilitate personnel exchanges between the two countries.

Can you describe the development of Chinese companies in Kuwait? Do you think the number will increase?

Chinese enterprises participated in the Kuwaiti market as early as the 1970s and made contributions to the firefighting and reconstruction of Kuwait's oil wells after the Gulf War. It can be said that the cooperation between the Chinese and Kuwaiti industries has gone through the test of 'fierce fire'.

At present, Chinese enterprises are developing well in Kuwait, and dozens of them have undertaken contracting projects and been doing business here.

As mentioned earlier, the business scope of Chinese enterprises in Kuwait covers oil and gas, construction, electricity, finance, trade, telecommunications, soil remediation, e-commerce, and other fields.

Chinese enterprises have undertaken a series of landmark projects of Kuwait Vision 2035, supplied many Chinese high-quality raw materials, industrial products, consumer products, etc., to the Kuwaiti market, and have made positive contributions to Kuwait's economic and social development.

Over decades of development, Chinese enterprises have been continuously polishing the Chinese brand in the Kuwaiti market, establishing an impression of 'high efficiency, good quality and credibility,' and have received unanimous praise from all walks of life in Kuwait.

With joint efforts to implement the important consensus reached by the leaders of both countries, more and more Chinese enterprises are setting their sights on Kuwait. I obviously feel the increase of Chinese enterprises enquiring about the Kuwaiti market and visiting Kuwait. I believe that these Chinese enterprises will bring more abundant products and more diverse services to the Kuwaiti market.

One thing that could improve the Kuwaiti business environment is...

The business environment is indeed a factor that market players attach great importance to when making business decisions and improving the business environment is also a never-ending process.

When meeting with His Highness the Amir of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al Sabah in Hangzhou, China in September 2023, President Xi Jinping expressed the hope that Kuwait would continue to provide a fair, transparent, and non-discriminatory market environment for Chinese companies to invest in Kuwait.

I understand that Kuwait has been continuously promoting economic diversification and sustainable development and has taken a series of measures to optimize the business environment, such as abolishing the agency system and restarting family visas.

We believe that with His Highness the Amir of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al Sabah's determination to reform and the joint efforts of all sectors, Kuwait's business environment will become better and better.

As Kuwait pushes its economy beyond the oil and gas sector, what are the upcoming sectors that you feel would be an ideal playground for Chinese companies in Kuwait?

As for the future cooperation areas between China and Kuwait, I have elaborated a lot. As Kuwait continues promoting the green innovation transformation of the economy and promoting diversified development, the future economic and trade cooperation between China and Kuwait faces broad prospects.

We also noticed that the industries of both sides have actively explored the economic complementary advantages of the two countries.

We respect market forces and entrepreneurial wisdom and will do our best to provide relevant services.

We will work together with all sectors to promote the high-quality development of China-Kuwait economic and trade cooperation in an all-round, multi-level and wide-ranging manner in the new era, so as to input more vitality to the sustainable economic development of the Gulf region and the recovery of the world economy.

经济展望



Economic Outlook

Kuwait

After a year of decline and slowdown in 2023, Kuwait has shown resilience and resurgence in 2024. This was indicated in the numbers shared by the World Bank for Q3'2024 which displayed Kuwait's recovery in terms of economic growth.

Furthermore, the data published by the World Bank in May 2024 also pointed at the fact that Kuwait is expected to grow at 2.8%, backed by higher oil production and the Kuwait government's decision for expansionary fiscal policies. The World Bank further predicts a growth of 2.1% in the non-oil sector.

In 2023, Kuwait's real GDP was estimated at USD134.1 billion, with projections indicating an increase to USD137.2 billion by 2024 and further growth to USD149.9 billion by 2030, achieving a compound annual growth rate (CAGR) of 1.5%.

These are positive indicators for Kuwait's economy, given it was deeply impacted by oil production cuts and fell by 2.2 percent in 2023 resulting in the oil sector contracting by 4.3%. The oil GDP is expected to contract further in 2024 with Kuwait announcing further voluntary production cuts⁸ (135 thousand barrels per day) in the second quarter of 2024.

NBK, in its economic update from May 2024, cited that the oil GDP is expected to contract further by -6.9%. However, the paper also estimated a gradual return to normal oil production

and, therefore, anticipates a growth till 2025.

Furthermore, after a period high inflation, the IMF predicts the inflation rate to slowly trend towards 3% after trending on average between 3.5–3.7% across 2023 and 2024⁹.

Sectors such as consumer and retail and food and beverage were impacted directly by the increased inflation, which is tending to recover in the coming quarters. The IMF further observes that prudent regulation and supervision by the Central Bank of Kuwait (CBK) has helped maintain financial stability¹⁰.

The oil economy

Global oil demand is projected to grow strong moving into 2024 despite the slowdown in 2023. This growth is due to the increase in demand from non-OECD economies, while potential interest cuts by central banks around the world are leading to improved global macroeconomic outlook.

The average price of OPEC's basket stood at around USD100 per barrel in 2022 but declined to an average of USD83 per barrel in 2023. For the period 01 January to 15 April 2024, the average price remained at USD83.84 per barrel despite the supply cuts.

There is a likelihood that regional geopolitical developments may lead to upward price movements.

In the non-OECD countries, oil demand is forecast to expand by nearly two million barrels per day, year-on-year (y-o-y), driven mostly by China, and supported by the Middle East, India, and other Asian and Latin American countries.

China accounts for nearly 17% of the oil demand among the non-oil producing nations with an expected growth in demand of 4.38% in 2024¹¹.

These are positive signs for Kuwait's economy as the country inaugurated Al-Zour refinery in May 2024, achieving an extraordinary refining capacity exceeding two million barrels per day.

In addition, oil reserves were also discovered at the Al-Nokhata offshore field in July 2024 with an estimated hydrocarbon reserve of 2.1 billion barrels of light oil and 5.1 trillion standard cubic feet of gas¹².

This means that Kuwait now has the capacity of potentially doubling its oil production in the coming years.

China continues to be the biggest exporter of Kuwait Petroleum Company, and it will continue to grow in the coming year. Having imported worth USD21.3 billion in 2022, China is the largest importer of Kuwait's crude oil, followed by South Korea and India whose import value touches nearly USD10 billion. We explore this further down the paper.

The non-oil economy

While oil remains the growth driver of the economy contributing 43.6% of the country's GDP as of Q4'2023 and is estimated to account for 88.2% of fiscal revenue for the budgeted period of 2023/24¹³, we expect a moderate growth in the non-oil sector of the country with a growth of 2.5% per year during 2024–25.

As of Q1'2024, the top three non-oil sectors in Kuwait are public administration and defense (11.3% of the GDP), financial services (expected to be at 9.1% of the GDP), and other services (9.7% of the GDP).

As the oil prices gradually increase, we expect a tailwind in the growth for government spending, with average spending being between 26 and 28% of the GDP in the next 2–3 years¹⁴.

This further boosts the growth chances for the non-oil economy as we expect an increase in the imports and exports. The Kuwait government continues to invest efforts towards transitional economic structure and initiatives for diversification from the oil sector, such as New Kuwait Vision 2035, which is expected to aid the growth in non-oil sectors on the medium to long term.

Trade

Increase in import and remittance outflows will be the two deciding factors that will slightly narrow

Kuwait's current account surplus from 31.4% of the GDP in 2023 to 30.6% of the GDP in 2024. With oil prices expected to recover in 2025, it will further enhance the capacity of Kuwaiti citizens and expats to spend outside.

According to a report published by BMI¹⁵, travel constitutes roughly 40% of the total service imports for the country.

China continues to stay at the top and far ahead of other countries in terms of import partners for Kuwait. Currently, China accounts for 19.8% of the market share in terms of import followed by the US (9.1%) and Japan (6.1%)¹⁶.

The government's plans to further enhance Kuwait's infrastructure will further increase imports of various good and services, with construction machinery taking the biggest chunk (40%) of the entire goods imported in Kuwait.

This is followed by miscellaneous manufactured articles (5.70%), telecommunications-related articles (5.30%), and medical and pharmaceutical products (5.10%).

Kuwait's external position is largely determined by oil, which accounts for about 93% of the goods exports (excluding re-exports) during 2023. It is expected that the services exports

will grow by 3% in 2024 majorly due to increased government investments aimed at boosting the private sector's productivity in alignment with Kuwait's Vision 2035.

Kuwait saw a steep decline in the net exports of goods and services in 2023 and 2024, with the exports shrinking from 28% of the GDP in 2022 to 19% and 17% in the next two years.

This meant that y-o-y growth percentage declined from 6.9% in 2022 to -7.3% and -5.5% in 2023 and 2024 respectively. We expect a recovery in terms of y-o-y growth in 2025 with the exports to be forecast at a growth of 9.5% from the previous year.

Looking at the near term, overreliance on the oil sector will continue to act as a double-edged sword for Kuwait.

The oil sector accounts for roughly half of the GDP and more than 90% of the exports and government income.

Any sudden changes in the oil prices due to the current geopolitical situation in the Middle East region may have a direct impact and the government, along with the experts, must closely monitor the situation and create alternatives.



Perspectives from

Zhang Yongda

President — Kuwait Chinese Associations

Tell us about yourself.

I came to Kuwait in 1994, shortly after the Iraqi invasion. I joined a Chinese government company's international branch, where my first project was Seif Palace. I was involved in that project for three years, from 1994 to 1997, and continued working with the company's Middle East branch until 2009.

Over those 15 years, I contributed to some of Kuwait's most iconic developments, including Souk Sharq, Salmiya Marina Mall, Araya Tower, KIPCO Tower, and Al Hamra Tower, among others.

After that, I got into the business of supplying Chinese construction materials, specifically for architecture. I am proud to have supported many prominent projects in Kuwait and have been fortunate enough to see my business flourish.

Printed on the current Kuwaiti currency notes 1KD, 5KD and 20KD respectively, Kuwait Grand Mosque, Kuwait Central Bank and Seif Palace used the China-made materials that I supplied.

Talk to us about the the Kuwait Chinese Associations.

The Kuwait Chinese Associations was founded in 2015 with the aim of uniting the overseas Chinese community in Kuwait, operating as per the Kuwaiti and Chinese laws.

Our goal is not only to support both communities but also to contribute towards their cultural enrichment by acting as a bridge between them and strengthening the existing bond.

Can you give us a few examples of the events/seminars you have held to enhance the relationship between China and Kuwait?

One of our main initiatives is hosting annual sports events, such as football tournaments, which encourage participation from Chinese businesses, medical teams, and university students in Kuwait, among others. These events are a great way to foster camaraderie and promote cultural exchange, not just within the Chinese community but with Kuwaitis as well.

In addition, we celebrate significant Chinese festivals every year, including Chinese National Day, the Mid-Autumn Festival, and the Chinese New Year. The Chinese New Year celebration, in particular, is an important occasion for our community, as it provides a sense of connection for those far from their families. These gatherings allow us to showcase our culture and help create an atmosphere of joy and togetherness.

Another vital aspect of what we do is offering consular protection and assistance to Chinese nationals in Kuwait, where we work closely and under the guidance of the Consular Department of the Chinese Embassy to ensure that any Chinese individual or business facing difficulties gets the support they need.

For example, when a Chinese professor faced a medical emergency, we made sure to arrange his care and return to China. We have also assisted in cases where Chinese businesses in Kuwait faced financial disputes and provided them the necessary help using our legal channels.

What other activities does the association offer to the Chinese community and Kuwait as a whole?

Apart from our cultural and consular initiatives, we also focus on business development, encouraging mutual support between Kuwaiti and Chinese enterprises. We have a thriving business circle where both communities collaborate to create opportunities for growth. Cultural enrichment is another priority for us. We have a choir, a dance troupe, and the Chinese Badminton Association, which is open to everyone.

We also support the healthcare sector by organizing medical lectures, regularly inviting Chinese doctors to share their expertise which helps the Chinese community and the wider Kuwaiti population.

Moreover, we offer Chinese language courses. Leveraging our partnerships with the Chinese Embassy and the China Cultural Center, we try to provide a great learning environment supplemented by the necessary resources.

We are proud to share that around 70% of our students are non-Chinese, which reflects the growing interest among people to learn about China. Our association is also accredited to offer the HSK (Chinese language proficiency test), which is now the third-largest language proficiency test globally, after IELTS and TOEFL.

Compared to 2019, when you started, do you see a rising interest in people wanting to learn about the Chinese culture?

Yes, definitely. While the language and cultural aspects are one thing, the economic development and achievements of China also play a big part. Many people think Chinese is the future language and China will be the future leader, but I do not think we want to be the leader. We only want to compete with our past and become better than what we were.

Every nation has its own culture which, in turn, has its own merits and demerits. Since we have the freedom, we can conduct cultural exchanges, learn from each other and progress together.

As for the cultural exchange, we have the Chinese School here, and we have volunteers who help present our culture to the people in Kuwait. We also offer programs with various schools/universities and companies in Kuwait.

For instance, Huawei has a program in Kuwait 'Future Seeds' on communication technology and Chinese culture, co-sponsored by Kuwait Fund for Science Advancement. Because it was not possible for many university students to visit China and experience the Chinese culture during the COVID-19 pandemic, we tried and successfully provided such cultural exchange service.

Ultimately, our intentions are clear: to create lasting value for both Chinese and Kuwaiti communities, promoting friendship, understanding, and collaboration between our two nations.

行业展望

Sector Outlook

Brief analyses of Kuwait's key sectors

While oil and gas remains Kuwait's strongest sector, contributing up to 90% of its export revenue and more than 50% of its GDP, other sectors such as information technology, financial services, infrastructure, food and beverage, and tourism are also gaining momentum in the country.

In 2024, KDIPA reported that the information technology sector saw the highest inward direct investment in Kuwait, taking nearly 33% of the share, followed closely by oil and gas (24%) and infrastructure (15%)¹⁷. This is a positive sign for the economy which has been historically relying

Sector distribution of Direct Investment to Kuwait

01 Information Technology — 33.24%	06 Education — 4.23%
02 Oil & Gas — 24.60%	07 Insurance — 3.11%
03 Infrastructure — 15.51%	08 Consulting & Advisory — 3.04%
04 Energy & Electricity — 6.05%	09 Aviation — 3.01%
05 Healthcare — 4.42%	10 Agriculture — 0.99%

Source: KDIPA Annual Report 2024, KPMG Research

Imports to Kuwait — Q2'2024

Country	Value (1000 KD)
China	467,917
UAE	360,802
USA	225,969
India	143,393
KSA	138,614
Japan	134,723
Germany	113,962
Italy	103,177
Switzerland	84,050
France	61,562

Source: Central Statistical Bureau

on one sector and resonates with Kuwait's ideas of diversification.

In terms of diversification, the insurance sector also witnessed growth and expansion, with 7 out of 16 (43%) newly approved direct investments in the FY 2023/2024 companies belonging to the insurance sector comprising total investments worth KD23 million.

In terms of trade partners, as mentioned previously in the report, China is the largest trader, closely followed by the UAE, India, and the USA. As of the end of Q2'2024, China owns the majority (17%) of imports to Kuwait, gaining a distinctive edge over other partner countries.

The other major trade partners to Kuwait are the UAE (13%), the USA (8%), and India (5%)¹⁸.

The automotive sector leads the way in terms of imports in 2024, capturing 12% of the import market.

This is followed by retail and telecom sectors in second and third, respectively.

In the subsequent slides, we present an overview of the key sectors in Kuwait.

Sector Outlook

Oil and gas

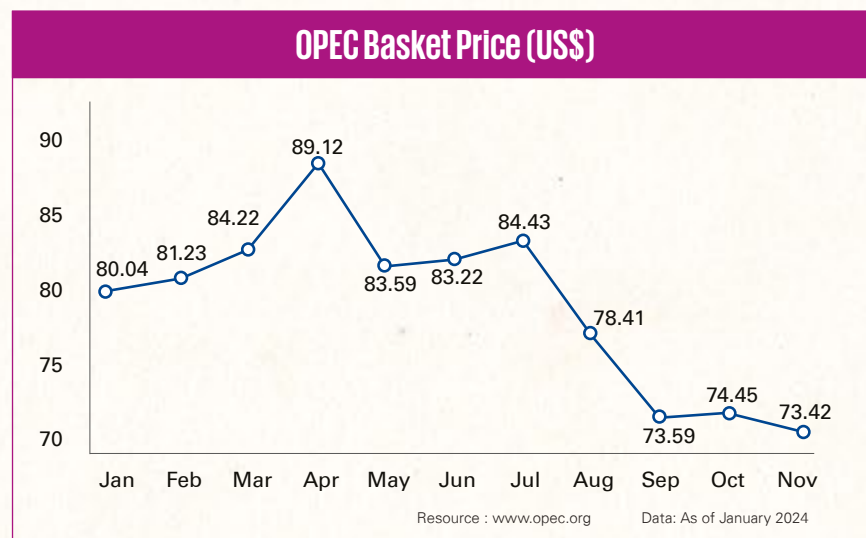


From the outset, Kuwait's energy perspective is one of promise and challenge.

The country has a vast oil reserve that ranks sixth globally, ample gas resources, and the nation enjoys competitive production costs due to low lifting expenses.

While oil production is expected to remain flat in the near term, given OPEC+ groups have decided to extend the recent cut throughs across 2024, the country's refineries will continue to thrive as they will be supported by the Al Zour Project, which is expected to operate in full capacity throughout the year. 2023 was a phenomenal year for the sector as the country witnessed 40% y-o-y growth, with refined products' output increasing to a record high daily average of 1.15 million barrels per day¹⁹. In 2024, Kuwait's total refined products output is expected to grow at 14%.

However, the sector has its own challenges. The country has faced multiple delays in project deliveries credited to various internal and external factors such as volatile oil prices, production delays, and slow implementation of domestic projects, which impact the sector directly.



Furthermore, despite subsidies from the government, the downstream industry remains unattractive as the refined oil is heavily discounted.

Internationally, the constant demand of production cuts by OPEC+ (Organization of the Petroleum Exporting Countries) countries poses a constant challenge in the form of oil price stability, bringing further stress to the sector.

In addition to this, a push towards clean fuel in the GCC countries further challenges Kuwait's position in the industry²⁰.

Outlook for the Chinese companies

In June 2023, Reuters published that China is the biggest exporter of Kuwait Petroleum Company, and it will continue to grow in the coming year²¹.

Having imported USD21.3 billion in 2022, China is the largest importer of Kuwait's crude oil, followed by South Korea and India whose import value touches nearly USD10 billion²².

The OEC (Observatory of Economic Complexity) further reports that the export of crude oil from Kuwait to China in the last 27 years has increased at an annualized rate of 22.2%, up from USD108 million in 1995 to USD24.3 billion in 2022. This puts Kuwait and its oil and gas sector as one of the key investment destinations for Chinese companies.

As we publish this thought leadership, MEED (Middle East Economic Digest) reported that Chinese companies have a project pipeline of USD4,000 million or 11% of the overall investments made on all the projects in Kuwait's oil and gas sector.

In the last decade, 28 out of 176 projects were completed by various Chinese companies. These projects had a total net value of USD31,058 million which is equivalent to 48% of the total value of the completed projects in the sector²³.

Forward outlook

The immediate future of the oil and gas sector looks promising, with multiple projects in the pipeline, making a strong case for foreign companies to invest their time and resources in the sector.

The country is developing an oil and gas infrastructure including an expansion of the downstream industries, which is likely to pave the path for growth and economic diversification²⁴. The hike in oil prices is expected to support finances and further attract investments.

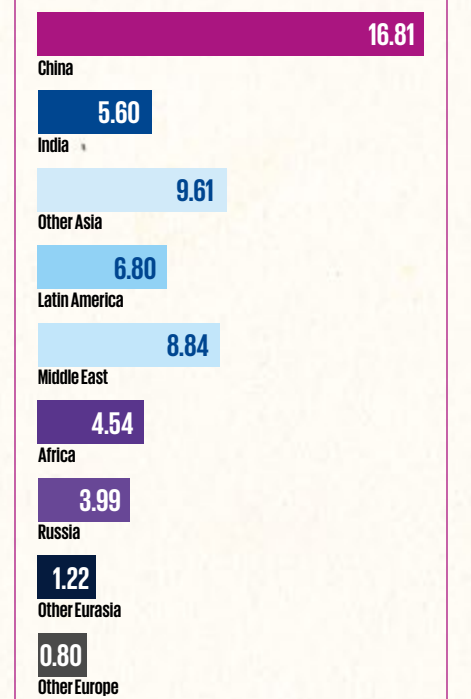
Additionally, the sector has 50+ ongoing and (or) upcoming projects whose total estimated value is over USD20,000 million.

Out of this, the Chinese companies are currently bidding on or working with at least 15 projects, the net value of which is nearly USD2,500 million.

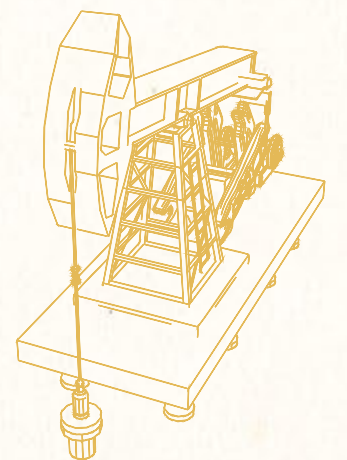
In conclusion, although Kuwait has maintained stable oil prices, with an average of USD83 per barrel, in the last six months, it will be challenging to maintain this while managing the demands of production cuts from the OPEC+ members which is expected to build across 2024.

However, leveraging the domestic strengths such as investments in the oil infrastructure and seizing opportunities of expansion are crucial for a resilient and sustainable sector.

World Oil Demand in 2024 (mb/d)



Source: OPEC Monthly Oil Market Report November 2024



Sector Outlook

Infrastructure

In recent years, Kuwait has set its sights on ambitious infrastructure projects, signaling a promising trajectory for economic growth and development.

The government's commitment to allocating substantial funds towards social infrastructure, transportation and power projects underscores its dedication to modernizing the country's infrastructure.

This strategic approach not only aims to boost Kuwait's internal capabilities but also positions the nation as an attractive destination for foreign investment.

Collaboration within GCC further amplifies Kuwait's appeal on the global investment stage, promising enhanced opportunities for investors seeking stable and lucrative ventures in the region.

According to a BMI report, the construction industry, a cornerstone of Kuwait's economic landscape, is poised for significant expansion in the coming years. The construction sector in Kuwait is forecast to experience strong expansion, with expected growth rates of 3.9% in 2024 and 3.4% in 2025.

This growth is attributed to reinvestment in the crucial oil and gas sector, alongside advancements in

significant transportation and energy infrastructure ventures.

However, the growth trajectory is anticipated to moderate to 3.0% for the subsequent forecast period spanning from 2025 to 2033.

Sustaining this growth trajectory is contingent upon addressing key challenges, such as the persistent lack of private investment.

Failure to attract sufficient private capital could impede progress and lead to prolonged stagnation, hindering the realization of Kuwait's development goals.

Diversification efforts are crucial to safeguarding public infrastructure investment opportunities and mitigating the impact of external economic shocks.

Outlook for the Chinese companies

Chinese involvement in Kuwait's construction sector has been notable, with significant contributions to both completed and ongoing projects.

The partnership between China and Kuwait extends beyond individual projects, encompassing bilateral agreements aimed at fostering cooperation in renewable energy, infrastructure development and environmental governance.

China's active participation in Kuwait's infrastructure projects not only reflects the strengthening of diplomatic ties but also underscores the mutual benefits of collaboration in achieving shared objectives.

MEED Projects report that, from 2004 to the present, the construction sector in Kuwait has seen the completion of over 30+ projects, totaling a net worth of USD12,517 million, with the active involvement of Chinese companies.

Currently, there are six projects in the pre-execution phase, collectively valued at USD240 million, wherein Chinese firms are playing a role.

Meanwhile, Kuwait has over 80 projects in the execution stage, with a combined value of USD41,368 million.

From these ongoing projects, 14 involve Chinese companies and are worth USD10,697 million, representing a significant 25% contribution from Chinese entities to the overall execution of projects in Kuwait's construction sector.

Of particular significance is the groundbreaking South Saad

Al-Abdullah Housing Project initiated by CGGC (China Gezhouba Group Company), which aims to accommodate a substantial population and alleviate housing shortages in Kuwait.

This landmark project exemplifies the potential for transformative impact through international cooperation and strategic investment.

Forward outlook

Moreover, initiatives such as the Silk City Project, boasting an estimated cost of USD86 billion and backed by China, hold promise for revolutionizing Kuwait's transportation infrastructure and unlocking new avenues for economic growth.

In 2024, China Gezhouba Group Company (CGGC) has a new project, about 25 km west of the capital city.

On completion, the South Saad Al-Abdullah City Housing Project will cater to the housing needs of at least 150,000 people for USD6.8 billion²⁵ — one of the many projects that Kuwait will invest in the upcoming 10 years.

In February 2024, the Kuwaiti Cabinet established a dedicated committee to oversee the implementation of agreements and memorandums of understanding signed with Beijing.

The committee will be chaired by the Minister of Finance and the Minister of State for Economic Affairs and Investment. Its members will include the Minister of Electricity and Minister of State for Housing Affairs, the Minister of Commerce, Minister of Foreign Affairs, Minister of Public Works and Minister of State for Municipal Affairs, and the Director General of KDIPA²⁶.

The establishment of such a committee will facilitate the development of bilateral projects and enhance Kuwait's business environment and market performance.

The continuous dialogue and exchange between China and Kuwait and their related institutions will ease the current challenging business environment and create new opportunities.

In conclusion, Kuwait stands at a critical juncture in its journey towards sustainable development and economic diversification.

By harnessing the momentum of infrastructure investment, fostering strategic partnerships, and embracing innovative approaches, Kuwait can navigate challenges and capitalize on opportunities to realize its vision for a prosperous and resilient future.

Through concerted efforts and proactive engagement, Kuwait is poised to emerge as a beacon of progress and prosperity in the Gulf region and beyond.



Perspectives from

Dr. Baisen He
Executive General Manager
China Gezhouba Group International
Engineering Co., Ltd.

CGGC has been involved in several large infrastructure projects in Kuwait, such as the South Saad Al-Abdullah City and Al-Mutla Residential City. How do you see CGGC's role evolving in Kuwait's future infrastructure development?

The current role of CGGC in Kuwait is of a reliable construction contractor that has delivered four projects with a total value of KD353 million and is currently working on Kuwait's largest infrastructure project ever in South Saad Al-Abdullah New City.

When talking about the future, CGGC has participated in the construction of Xiong'an New Area in China and has accumulated a lot of experience in the field of smart city, sponge city, multi-purpose utility tunnel, prefabricated housing, and new construction materials.

We are ready to give full play of our advantage to cooperate with the related Kuwaiti authorities to provide integrated solutions for urban development. We hope CGGC can be more than a contractor and apply all its capabilities in the infrastructure development to build a Kuwait of the future.

What strategic opportunities do you see in Kuwait for CGGC beyond residential infrastructure, particularly in sectors like renewable energy, water management, or transportation?

CGGC's business scope includes twelve sectors, with the energy sector being the primary one.

During His Highness the Amir of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al Sabah's visit to China last September, the governments of both countries signed Five-years plan for Bilateral Cooperation and a series of MOUs related to renewable energy, port, housing, environmental protection, etc.

We believe the cooperation between the two countries will enter a new era

under the guidance of both leaders. And CGGC, as one of the Chinese state-owned enterprises that has the most comprehensive business in Kuwait, will positively participate in projects relating to renewable energy, water supply and sewage treatment, roads and railways, and new city development.

In addition, CGGC is willing to play a more important role in Kuwait Vision 2035 based on green concepts, innovation, and digital intelligence and integration, among others.

Could you describe your experience working with Kuwaiti firms and government bodies? What has been your biggest challenge and your greatest success in navigating these relationships?

I would like to talk about the cooperation between PAHW and us.

CGGC was awarded the Al-Mutla Project in 2017, which was the first project we signed with PAHW. At the beginning, the two sides did not know each other very well, so some works were carried out slowly.

For example, we planned to use blasting for excavation because the earth in the Mutla area is very hard. But it took us a long time to communicate that with the client and to convince and have them approve our proposal.

However, the trust between the two parties deepened rapidly with the performance of the project, and finally the client allowed us to improve the quantity of blasting work to 60 ton per day, which was six times that of any other company's.

During the COVID-19 pandemic, CGGC overcame many difficulties and invested a lot of resources to ensure the project was completed on schedule.

The outstanding performance has earned us the recognition and trust of the client, so when we won the South

Saad Al-Abdullah project, the client showed us their great support. Communication and trust were the biggest challenge for us, but they soon became a valuable achievement.

Looking forward, what are CGGC's key priorities for growth in the Middle East region, and where does Kuwait fit into that vision?

China has been committed to developing relations with Arab countries in recent years, especially with the Gulf countries.

CGGC, as a core member of Energy China, which is top 2 Chinese SOE in power industry, No.10 of ENR global contractors, No.2 of ENR global design institute, will focus on renewable energy and new infrastructure, expanding its operation in the Middle East region.

Kuwait is our core market. We set up a local company through KDIPA in 2020, purchased a lot of equipment, built a localized management team, and are positively following all kinds of potential opportunities here.

The transformation and reform of future Kuwait is the best chance for our sustainable development in this country with unlimited potential. And we are committed to driving and radiating business development in the entire Middle East region through high value operation in Kuwait.

Sector Outlook

Financial services

The Kuwaiti government is actively working towards expanding the country's financial services sector as part of its Kuwait Vision 2035 plan, aiming to establish Kuwait as a financial hub in the region. With a well-developed banking and financial services industry, Kuwait has been fostering strong economic ties with China.

The Consulate General of the State of Kuwait in Hong Kong reports that the trade between China and Kuwait exceeded USD22 billion in 2021, making China Kuwait's largest trade partner. It also reported that Kuwait's investments in various Chinese cities and provinces total over USD40 billion and are managed by KIA through its office in Shanghai.

Amid these developments, opportunities for growth in digital banking have emerged as one of the key focus areas. Leveraging China's expertise and Kuwait's financial infrastructure, collaborative efforts in digital banking innovation could further strengthen economic cooperation between the two nations, paving the way for mutual prosperity and advancement in the financial services sector.

Speaking entirely about the banking sector in Kuwait, the structure of the local banking system comprises 23 local banks, i.e., five conventional

banks, five Islamic banks, one specialized bank and 12 foreign bank branches.

Kuwait's banking industry has a three-tier structure in terms of market share, with two market leaders, followed by a large group of similar-sized banks closely bunched together and three small sized banks. Furthermore, the top five banks account for approximately 80% of the banking industry's assets.

The banks are expected to continue capitalizing on opportunities abroad with the aim of diversifying their portfolios and reducing reliance on the domestic market as has been seen in the recent years with foreign assets which have grown from 18.8% in January 2012 to 28.9% in January 2024.

Outlook for the Chinese companies

With direct investments of about KD51 million in 2024, Sinohydro Corporation tops the list of the direct investments made in Kuwait²⁷.

This significant investment is yet another example of the vested interest of Chinese companies to Kuwait.

Furthermore, in February 2024, His Excellence, the Ambassador of China, Zhang Jianwei, engaged in discussions with Shared Electronic Banking Services Company (KNET), emphasizing the importance of financial cooperation between China and Kuwait²⁸.

His Excellence, the Ambassador of China, Zhang Jianwei, expressed China's readiness to enhance collaboration with KNET and other prominent financial institutions in Kuwait to promote financial integration.

The meeting underscored the mutual interest of both countries in strengthening financial ties to facilitate practical cooperation across various sectors. This commitment to collaboration is exemplified by the expansion of Kuwaiti financial institutions into the Chinese market.

Notably, NBK established its branch in Shanghai in March 2017, demonstrating its proactive approach to capitalize on the growing business opportunities between China and the Middle East region.

Furthermore, the Agreement Between the Government of the People's Republic of China and the Government of the State of Kuwait for the Promotion and Protection of Investment plays a pivotal role

in facilitating investment activities between the two nations. Key provisions of the agreement, such as those concerning the repatriation of investment and returns, settlement of investment disputes, and promotion and protection of investments, provide a robust framework to support and safeguard bilateral investment endeavors.

Forward outlook

Kuwait's banking sector continues to remain robust and healthy, with net income reported by listed banks in the GCC region reaching a record high during Q2'2024, after four out of the six country aggregates showed growth as compared to Q1'2024²⁹.

KPMG's annual GCC listed banks results report³⁰ indicated that the listed banks in Kuwait reported an annual net profit of 28.5%, along with the highest capital adequacy ratio across the region.

Kuwait's insurance market, encompassing both life and non-life segments, has witnessed steady growth in recent years, with promising prospects for further expansion.

While the market remains relatively small, healthy premium growth is anticipated, particularly in the non-life sector, which is poised to surpass the

life segment in the medium term. According to a BMI report, in 2023, total premiums in Kuwait's insurance market are forecast to grow by 5.0% to KD1.1 billion.

Over the next decade, total premium growth is expected to stabilize at an average annual rate of 3.2%, reaching KD1.5 billion by 2032.

Meanwhile, Kuwait's asset management industry holds immense potential, yet faces challenges related to non-compliance issues. KIA, managing USD708 billion in assets, ranks among the world's six largest sovereign wealth funds.

Moreover, initiatives such as the Nuwaiseeb Free Zone are set to attract 500 companies across various sectors, demonstrating Kuwait's commitment to fostering investment opportunities.

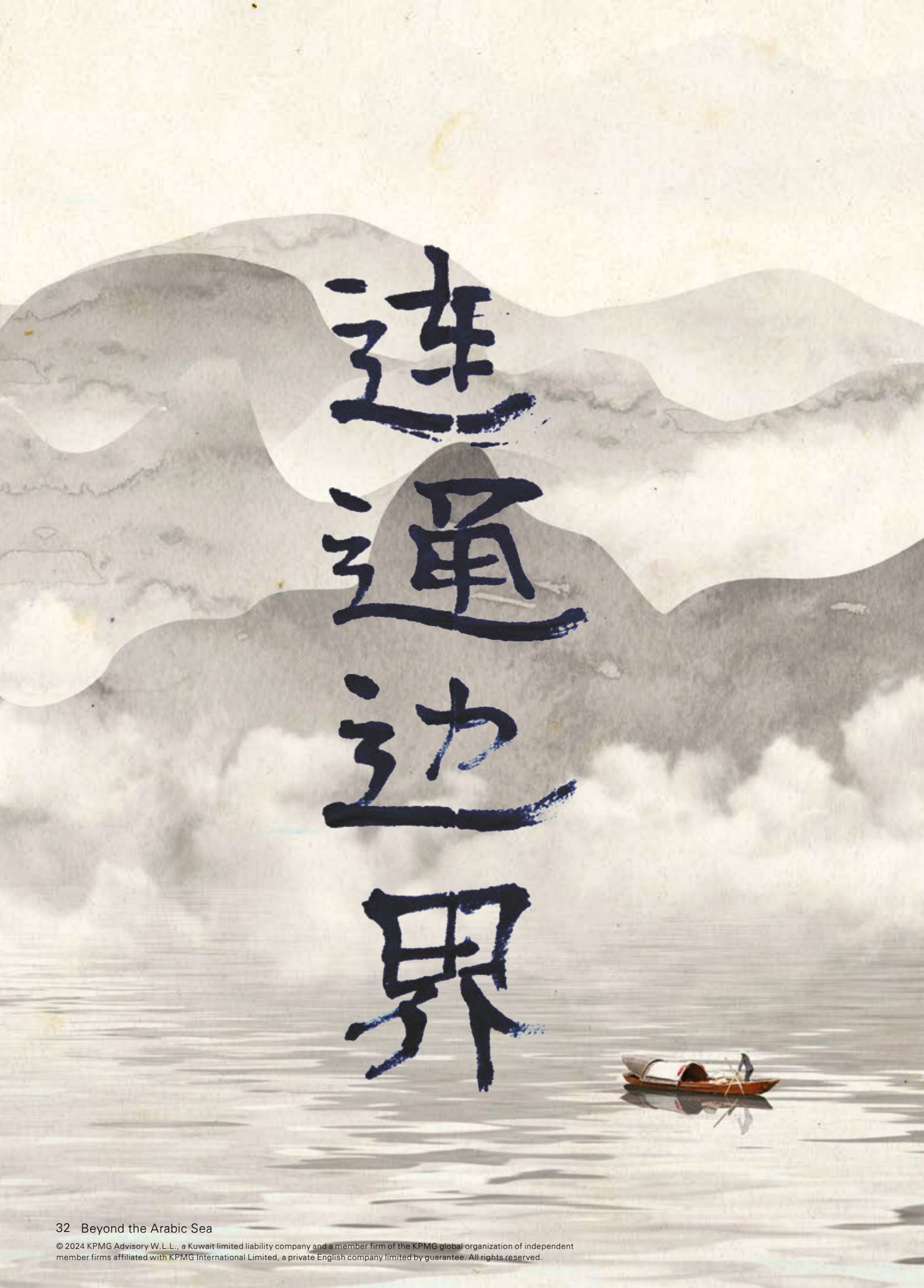
Furthermore, Kuwait boasts a significant population of HNIs (high net-worth individuals), which will sustain the demand for investment management services.

As Kuwait continues to advance its investment climate and regulatory framework, the asset management sector is poised for substantial growth, offering lucrative opportunities for both domestic and international investors.

In conclusion, Kuwait's financial service sector is primed for expansion, driven by favorable market dynamics and government initiatives.

By addressing compliance challenges and capitalizing on its wealth of resources, Kuwait can unlock the full potential of its insurance and asset management industries, contributing to sustained economic growth and prosperity.





My Journey Towards East

Dr. Alanoud AlSabah

How it began

My interest in China and the Chinese language goes back to my first trip to the country in 2012. This was my first introduction to the beauty of the Chinese characters and how they looked on the walls, on displays and in advertisements.

I felt the characters were dancing in hustle movements as we strolled the streets of Beijing. My fascination for the Chinese characters drove me to explore the Chinese language later that year.

But before applying for my Master's in Chinese studies in Spain, I decided to take up a short Chinese course with an independent teacher to help me prepare for my HSK 2 exam, conducted at the Confucius Center in Dubai University at the end of 2012.

By September 2013, I had started my Master's program in Barcelona, thus beginning by my cultural endeavors to study the Chinese language, art, history, literature, philosophy, politics, economics, and more. I was given the chance to explore the Chinese culture and society from a 360-degree view.

Moreover, Barcelona also gave me the opportunity to develop new skills, such as Chinese calligraphy and art, i.e., black ink drawing, at Casa Asia, a Spanish government institution, in collaboration with Asian countries that provided culture-based programs. It represented a fusion of cultures.

Giving back

After returning to Kuwait, I realized that there were some gaps in terms of the cultural development between China and Kuwait as compared to some of the other countries and/or cultures. That's why I have been

dedicated to promoting the Chinese culture in Kuwait for the past 3–4 years through research, publications and by participating in events with the Chinese Embassy and the China Cultural Center.

Towards the end of 2023, I started my own online platform for social science research and building cultural connections, Research Journey, which aims to promote research and culture through existing networks with the Chinese, Spanish and Latin American embassies in Kuwait as well as with other notable international institutions.

Today, I cannot stress enough the importance of cultural bridging in our world. I hope through exchange, collaboration, and cooperation we can achieve our desired objectives.

Connecting Borders

Cultural outlook



The cultural exchange between China and the Arabian Gulf region links back as early as 166 AD to the Silk Road. Today, the State of Kuwait and the People's Republic of China are not only bonded by geography but also share a deep and profound historic relationship.

This is evident in the festive traditions and the strong familial and collective societal structures that both countries share today and contribute to their prosperity and development.

Strong culinary traditions also remain at the heart of both China and Kuwait's daily life and festive rituals. The flavors of a large and diverse country like China should be transmitted through interaction through simple actions, such as sharing food or showing love and care, communication, and continuity to understand and sustain the bridging of both societies.

Both the countries share numerous cultural values such as the importance of and respect for families, culture, historical heritage, culinary diversity, education, and sports.

That's why people-to-people exchange, or what is called cultural diplomacy, remains essential to both countries' cultural policies to engage with one another — it is what's considered to be one of the most important and constant pillars of China's relationship with the region, especially Kuwait.

This is one of the primary reasons behind the countries' cooperation in

the fields of sports, art, music and education and it is what has been paving the way for their constant and stable connection. These efforts were manifested in the inauguration of the China Cultural Center in September of 2023, where we have witnessed growing interest in Chinese arts, music, and dance forms, among other aspects³¹.

On another note, China and Kuwait also have a cultural cooperation wherein Kuwait established the National Council for Culture, Arts and Literature (NCCAL) in July 1973 with a vision to promote its culture, arts and more with fellow Arab countries as well as other international institutions that play a key role in bridging both societies together in Kuwait and in China.

Since the 80s, both countries have shared their cultures via art and music exhibitions by famous artists, such as Khalifa al Qattan and Bader Al Qattami. There is a strong cooperation between the NCCAL and its counterparts in China through the Chinese Embassy in Kuwait. We have witnessed several events in the previous two years.

Additionally, the role of Dar Al Athar Al Islamiyyah (DAI), as part of the NCCAL, is key to the development of cultural cooperation through the maintenance and circulation of the unique objects from the Chinese dynasties within the Al Sabah Collection, which is known to be one of the world's most prestigious Islamic art and antiquities collection. There is interest from both sides to

cooperate and enhance relations in field of museum and antiquities as mentioned in the meeting between His Excellence, the Ambassador of China, Zhang Jianwei and the Director-General of DAI Sheikha Hussa Sabah Al-Salem Al-Sabah³².

As mentioned, previously in the research paper, both China and the region desire to invest in the field of research, education, language, translation and much more to facilitate building the bridge between both nations:

- China and the GCC region should be partners for cultural prosperity, enhance interactions between their peoples and increase cultural exchanges to promote eastern cultures.

It is expected that the number of people interested in learning about the Chinese language and culture will rise in the coming years. In addition, the number of Kuwaiti visitors to China has also increased, which His Excellence, the Ambassador of China, Zhang Jianwei mentioned in an article by the Arab Times and expressed his happiness, indicating their number reached thousands last year.

He added: "There are four flights a week from Kuwait to China. We welcome more Kuwaiti tourists to China, as our country is rich in culture, resources, and a variety of halal cuisine. The Chinese people are hospitable and generous. Our Kuwaiti friends feel safe in China, and this is very important³³."



Chen Li Chinese Translator in Kuwait

I have been in Kuwait since I was six years old, and one of the reasons why I am good at speaking in Arabic is that I studied in an Arabic school. The Arabic that is taught in China is different than the Arabic that is spoken in Kuwait, i.e., the dialect is unique.

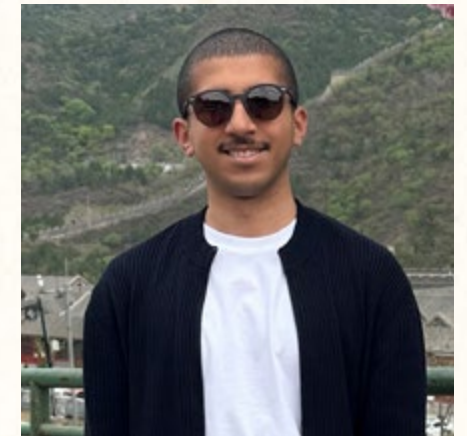
So, if universities across China and Kuwait can develop programs that enable students to visit their country, experience the culture and practice their Arabic and/or Chinese there, then I believe it will not just help the cause of spreading knowledge about the language(s) but also make for impactful cultural exchange that is great for the Kuwaiti-Chinese community.



Sophie Shen Chinese Teacher in Kuwait

The institute run by the Chinese Association in Kuwait was founded around 2019, with the goal to serve as a bridge between China and Kuwait.

Our current focus is popularizing the Chinese language and culture in Kuwait, as I believe this will help promote the use of Chinese language and encourage Chinese nationals to consider working and living in Kuwait.



Mohammad Al Asfour Student — GUST Kuwait

When I visited China, I was very impressed by how focused they were on education and how eager they were to learn about Kuwait and the wider Middle Eastern region's culture.

People went out of their way to help us, even though many of us did not have a common language.

In my opinion, having that welcoming atmosphere and the willingness to learn about other countries and cultures will help tremendously in closing the gap between China and Kuwait, helping open newer avenues for students — be it through cultural ceremonies, sports events, exchange programs, or educational seminars, among other means.



Perspectives from

Xia Jianfeng

Director — China Cultural Center in Kuwait

How does culture serve as a bridge between China and Kuwait?

As the Director of the China Cultural Center in Kuwait, I see our center as a true bridge between our two nations. Since our trial operations began, we have hosted a range of cultural activities that many Kuwaiti officials and dignitaries attended.

For example, we introduced many Kuwaitis to traditional Chinese medicine, calligraphy, and acupuncture — topics that were already of interest to people in both countries but had not been explored.

We have also had Kuwaiti guests ask for more activities showcasing Chinese Kung Fu, Tai Chi, and other cultural practices. Additionally, we invited performing artists from Shandong Province and other regions of China to showcase traditional arts. These events have been a great way for everyday Kuwaitis to experience Chinese culture firsthand.

The exchange goes both ways: we have also introduced Chinese audiences to Kuwaiti art and culture. We invited a Kuwaiti sculptor renowned for his egg sculptures to China, where he was warmly received, and a Kuwaiti painter whose work was chosen for permanent exhibition in China.

We were also visited by some important Chinese officials who came to see the cultural center. When they returned to China, they talked about what we were doing here and what Kuwaiti people really looked like, among other things, and helped create good publicity about the relationship between China and Kuwait.

These exchanges deepen mutual understanding and respect between our peoples, and they are what we strive for.

Do you see a growing interest to learn Chinese within the Kuwaiti society?

Absolutely. There has always been interest here, and many Kuwaitis were learning Chinese on their own, at home, instead of doing it through formal programs. Before our center opened, they did not have access to standardized Chinese language instruction and that makes a difference.

We recently offered a 15-day course that saw participation from government officials who told us it was very important for them to learn Chinese because they felt Chinese was the language of future and they must keep learning.

Given the demand, we plan to start another course soon, and we expect an even larger turnout, especially from government sectors.

How does the Chinese community and/or companies in Kuwait support the center's activities?

They support us to an extent. For instance, during major Chinese festivals, we need additional support and rely on volunteers from the Chinese community, given we have limited staff.

We reach out to them for additional support every time we need help in arranging some of the activities at the center.

However, the relationship between the center and Chinese companies is strictly professional, and we do not receive financial support from them.

Our center is backed by an agreement between China and Kuwait, and we operate as a non-profit organization focused on cultural exchange rather than financial gain.

Are your classes free?

I believe if we conducted classes for free, no one would come. For our initial course, we did not charge any fee. But as we began offering courses more regularly, we found that offering classes for free was not sustainable.

That's why we introduced a modest fee to cover expenses, especially for our instructors.

This approach helped us ensure that the classes are feasible to conduct over the long term and allowed us to provide high-quality instruction. We do not keep any financial gains from the classes and use it all to give back to the teachers/instructors.

Kuwait University recently signed an agreement at the Arab-Chinese Forum to offer Chinese language courses. What are your thoughts on this, and how do you see this partnership evolving?

This initiative is groundbreaking, as it is the first of its kind in the GCC region. The plan is to have a smart classroom where Chinese language classes can be conducted regularly. Either a teacher will come from China to lead the course, or we will send an instructor from the cultural center.

There is a rising enthusiasm around learning Chinese. In fact, when the initial course ended, Kuwait University officials reached out to us stating they were receiving multiple applications for Chinese classes.

Additionally, the National Council for Culture, Arts and Literature (NCCAL) has suggested we offer more courses, including an advanced course. The response so far has been overwhelmingly positive, considering we aimed for 10 students when we started, but ended up with 49.

What would you like to add about your future plans for the cultural center?

We welcome anyone who wants to strengthen the ties between China and Kuwait, especially relating to the culture and tourism. Our center is open for seminars, exhibitions, or activities that promote this relationship, and we are always looking to expand and create more meaningful connections.



Kuwait Business Landscape

Muhammad Hanan Tariq
Partner — Tax and China Business Desk Lead,
KPMG in Kuwait



14 Years and Counting...

Changfeng Wang
Director — China Business Desk,
KPMG in Kuwait

How would you describe the opportunity landscape in Kuwait for Chinese businesses?

Chinese companies have been vital contributors to major development projects in Kuwait for over two decades, particularly in sectors such as oil and gas, power, and infrastructure.

Their extensive experience in the region has established them as key players in Kuwait's economic growth.

Following the visit of His Highness the Amir of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al Sabah to China last year, there has been a noticeable increase in interest from both Chinese public and private sectors to invest in Kuwait.

This surge in investment is expected to stimulate the Kuwaiti economy and generate local employment opportunities.

Kuwait's Vision 2035, which includes ambitious projects in oil and gas, housing, airports, and green energy, presents an opportunity for Chinese companies to further strengthen their involvement.

Their regional experience positions them to play a crucial role in these large-scale initiatives.

KPMG's China Business Desk in Kuwait is playing a key role in supporting Chinese companies,

providing audit, tax, and advisory services, with a Mandarin-speaking team based locally.

The firm supports Chinese businesses not just in Kuwait, but across the Middle East, Caucasus and Central Asia (MESAC) region.

As a Chinese national who has been working in Kuwait for 13 years, what has your overall experience been?

I moved to Kuwait in 2010 and began working in the finance department of one of the largest Chinese construction companies.

Seeking international exposure in accounting and tax, I joined one of the Big Four firms in 2017. This experience enabled me to work closely with Chinese companies across the Middle East.

As a Chinese national in Kuwait, adapting to the culture, climate, and business environment was challenging, but the country's food and hospitality were definite highlights for me.

Working as a tax professional in Kuwait can be both rewarding and challenging, with numerous opportunities for growth.

KPMG in Kuwait, offers career advancement and professional development, providing roles in tax advisory, compliance, and strategic planning.

These positions allow professionals to engage in complex and impactful projects. Given the ever-evolving nature of the tax landscape, firms often emphasize continuous learning to keep their staff up to date with the latest trends and best practices.

Overall, a career in tax in Kuwait combines professional growth with a dynamic work environment, offering the chance to make a significant contribution to a rapidly growing economy.

While there are certainly challenges to living in Kuwait, there are also many unique and enriching experiences.

Living in Kuwait presents an opportunity to immerse oneself in a different culture and lifestyle.

Many Chinese nationals value the chance to explore Kuwaiti traditions, cuisine, and customs, which can be very rewarding.

I also see potential for collaboration between Chinese and Kuwaiti companies, as both stand to benefit from investment opportunities in each other's markets.

This cooperation could create job opportunities for both Chinese and Kuwaiti nationals, fostering mutual growth and strengthening business ties between the two countries.

China Business Desk

KPMG in Kuwait

Setting up a business in an uncharted territory can pose barriers to growth in the form of unfamiliarity with the region's tax and regulatory rules, business practices, and language and culture-related hindrances, overwhelming new market entrants.

To help you get past these roadblocks, KPMG Kuwait offers a multitude of services encompassing cross-border operations and investments.

KPMG Kuwait's multi-disciplinary team possesses in-depth expertise in tax, audit and advisory services, and vast knowledge of the local market. As your business desk, the firm can cater valuable insights from a range of industries and markets to help you comprehend customer behavior,

understand market trends, propose practical solutions to complex business requirements, and share best practices to achieve all-round business growth.

In addition, KPMG Kuwait Managed Services can also support your business by looking after its non-core functions, empowering you to maintain focus on the business goals and core operations.

Our integrated Managed Services offering is tailored to fit the needs of foreign companies, with our dedicated and specialized team of professionals managing their bookkeeping, statutory accounting payroll, compliance, tax and other processes.

We address a variety of business needs and help Chinese companies align their businesses in a more Tax efficient manner.

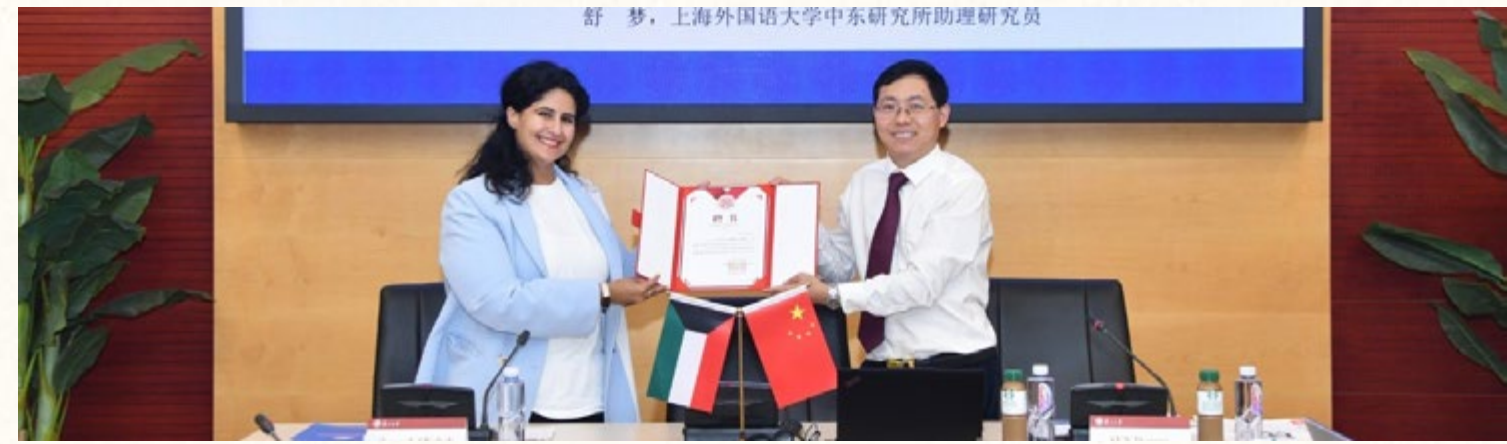
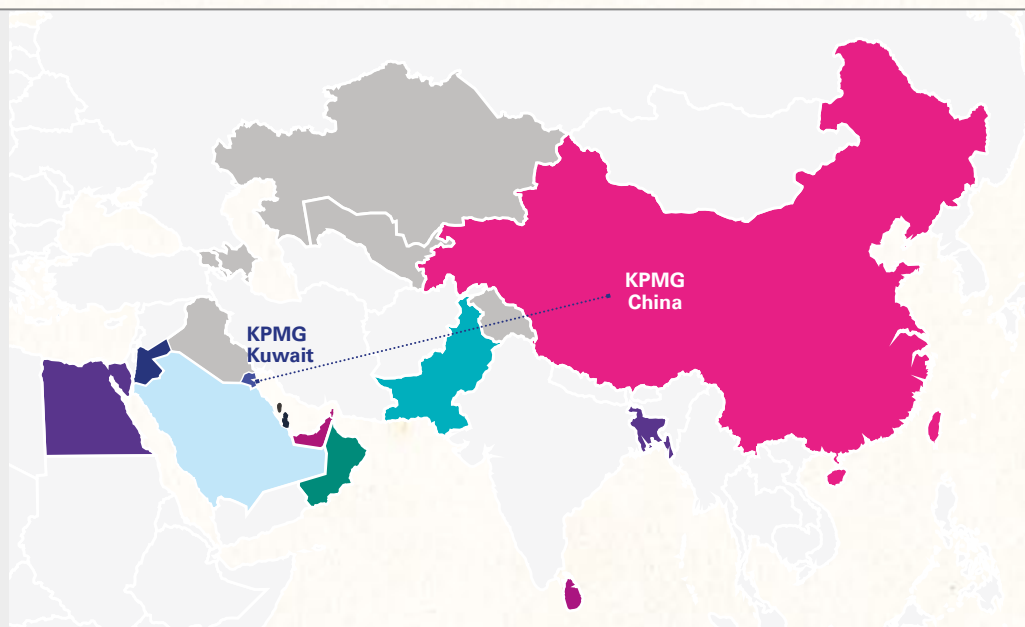
Tax compliance and other tax services to the Chinese companies in Kuwait.

Project management services to Chinese companies for their projects in the region.

Tax advisory and structuring advice to Chinese companies with collaboration of other KPMG offices in the region.

Our presence in the MESAC region

Armenia, Azerbaijan, Bangladesh, Bahrain, Egypt, Georgia, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Kuwait, Lebanon, Oman, Maldives, Palestine, Pakistan, Qatar, Saudi Arabia, Sri Lanka, United Arab Emirates and Uzbekistan.



Research Journey

Research Journey is a local online platform dedicated to promoting research in the field of social science and enhancing the cultural scene in Kuwait through collaboration with local and international institutions, the youth and any other interested demographic

on topics related to China, Latin America, and Spain, among others.

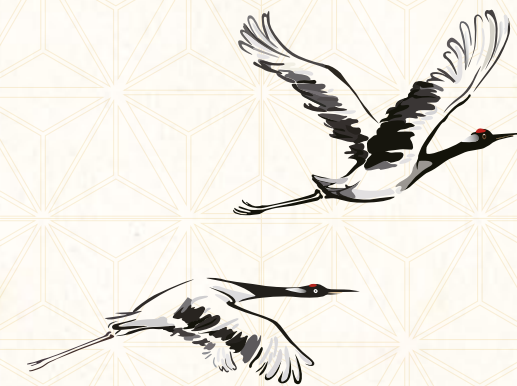
Since 2023, Research Journey has collaborated with multiple embassies in promotional events with regards to culture and literature, China and the

Chinese language, and the Spanish language.

The organization is also interested in topics such as cybersecurity, diplomacy, education, and international relations.

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