



NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

غرفة التجارة الأمريكية العربية الوطنية

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## NUSACC EXPERT ROUNDTABLE SERIES: U.S. AMBASSADOR SILVERMAN HIGHLIGHTS OPPORTUNITIES IN KUWAIT FOR U.S. BUSINESSES

*“There are good opportunities in Kuwait if you have a strong local partner, a quality product or service, and have the time and resources to commit to the market.” – U.S. Ambassador Lawrence Silverman*

*“Commerce is an important part of the U.S.-Kuwait strategic partnership.”  
– Kuwaiti Ambassador Sheikh Salem Al Sabah*

### ***U.S. Exports to Kuwait Increased 20 Percent in 2016***

**Washington, DC** – This week, the National U.S.-Arab Chamber of Commerce (NUSACC) hosted the Honorable [Lawrence Silverman](#), U.S. Ambassador to the State of Kuwait, as part of NUSACC’s Expert Roundtable Series. Silverman provided an overview of the many opportunities for U.S. businesses in Kuwait, and he highlighted some of the steps that the Government of Kuwait says it is taking to make that nation a more attractive destination for trade and investment. The Ambassador of the State of Kuwait, H.E. Sheikh Salem Al Sabah, also participated in the Roundtable and offered his perspectives.

Both ambassadors emphasized the strength of the bilateral relationship and the importance that their respective heads of state place on increasing bilateral commerce. They also discussed promising sectors for U.S. companies, including petroleum, cybersecurity, health care, infrastructure, and renewable energy. Many U.S. companies operate franchises in Kuwait, and there are also opportunities for growth in this field, Silverman said, in part because of the number of Kuwaitis who return to their country after studying in the United States.



U.S. Ambassador to Kuwait, Lawrence Silverman (left), and NUSACC President & CEO, David Hamod (right).

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NUSACC President & CEO [David Hamod](#) welcomed the two ambassadors, noting the strong, longstanding relationship between the Chamber and the State of Kuwait. Last year, for example, NUSACC supported the [Kuwait Investment Forum](#) hosted by the Kuwait Direct Investment Promotion Authority (KDIPA), which showcased Kuwait's ambitious plans to attract more foreign direct investment.

"The partnership between Kuwait and the United States is one of the closest in the world," Hamod said, "and it is moving from strength to strength. Last year alone, U.S. goods exports to Kuwait rose 20 percent." Hamod expressed appreciation to the Roundtable sponsors, [FireEye](#) and the [NxtVn Group](#), which he described as "U.S. companies on the cutting edge of technology."



Kuwait's Ambassador to the United States, Sheikh Salem Al Sabah.

### **Expanding Business is a Shared Focus**

Ambassador Silverman began his remarks by saying that "all elements in our Embassy are fully engaged in commercial diplomacy." Building even stronger business ties is an essential part of the U.S.-Kuwaiti strategic relationship, he suggested, as evidenced by last year's exchange of letters between President Obama and H.H. the Amir, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, and by the recent meeting in Riyadh between President Trump and H.H. the Amir.

Last October, the two countries held their first annual Strategic Dialogue meeting, chaired by the U.S. Secretary of State and Kuwait's Minister of Foreign Affairs, which provided an opportunity to focus on the next twenty-five years of U.S.-Kuwait relations. Working groups have been established in areas of mutual interest, including trade and investment, for which the United States and Kuwait established a forum to discuss ways to strengthen commercial ties.

Ambassador Al Sabah suggested that there has been a conscious decision by both leaders to emphasize trade. "Commerce is an important part of the U.S.-Kuwait strategic partnership," he said, adding that President Trump and H.H. the Amir discussed the importance of strengthening commercial ties during their February 9 telephone conversation. Tongue-in-cheek, Al Sabah stated that he and Ambassador Silverman "have our marching orders."

## Overview of the Close Bilateral Relationship

“The relationship between our two countries is very strong,” Silverman observed. Kuwait’s support for the U.S. military presence in the country remains critical to long-term efforts to bring stability to the region, he said. America’s military partnership with Kuwait is one of its most important security relationships anywhere in the world, Silverman noted, especially given current threats to peace and stability in the Middle East. (Kuwait hosts the fourth-largest overseas U.S. military presence in the world.)

U.S. forces also participate in regular training exercises with Kuwaiti forces, in addition to multilateral exercises, helping to build this ally’s capabilities. Furthermore, he said, U.S. defense sales to Kuwait will cement the relationship for decades to come, given the significant, long-term training and maintenance requirements for each new platform.



Kuwait plans to buy 28 F-18 Super Hornets, produced by Boeing, Northrop Grumman, Raytheon, and GE.

*(Photo credit: www.defaiya.com)*

The United States and Kuwait enjoy excellent cooperation across the board, Silverman suggested. Kuwait plays an important role globally on humanitarian issues, with hands-on, on-the-ground efforts like those of the Kuwaiti Red Crescent and the Kuwait Fund for Arab Economic Development. Kuwait is also providing important assistance to help stabilize those areas from which ISIS has been rooted out, including in Mosul, Iraq in health care and education, for example.

## Focusing on the Next Generation of Leadership

Silverman said that an important part of his job is “connecting with people.” Most of Kuwait’s population was not alive or was quite young at the time of their country’s liberation, Silverman pointed out, and the youth population of Kuwait continues to grow rapidly. So, while the U. S. appreciates expressions of thanks for liberating Kuwait more than a quarter-century ago, he noted, the United States has to be diligent to build bridges to younger generations.

“American products sell themselves in Kuwait,” Silverman said, “but we don’t take the relationship for granted.” He cited education as an important way to sustain good relations: “We are actively promoting the United States as a destination for Kuwaiti students.” This year, over 15,000 Kuwaitis are studying in the United States, more than double the number of students from just a few years ago.

Five generations of Kuwaitis have studied in the United States, Silverman noted, and they return to Kuwait after graduation to help lead and develop their country. The U.S. Embassy is actively working with the Ministry of Higher Education to encourage even more Kuwaiti students to study in the United States.

One successful example of building capacity among Kuwaiti university students in the United States is the [Professional Development Initiative](#) (PDI), a joint venture among NUSACC, the Embassy of Kuwait in the United States, the [Kuwait Foundation for the Advancement of Sciences](#), and Kuwait's Ministry of Higher Education. This program allows select Kuwaiti graduates of U.S. universities to gain invaluable professional experience working for American companies for one year before they return home to Kuwait. For more information about PDI, please click [HERE](#).



The PDI annual leadership training in Washington, DC brings together Kuwaiti students, trainers, and VIPs from the Embassy of Kuwait, the Kuwait Foundation for the Advancement of Sciences, and NUSACC.

## **The Commercial Environment in Kuwait**

Despite low oil revenues in recent years, Kuwait has continued to proceed with its infrastructure development plan. Over \$25 billion was spent on infrastructure last year, according to Silverman, more than double what was spent just a few years ago. Investment in the oil & gas sector is huge, with new refineries under development, including a “clean fuels” refinery project targeting the export market. The Government of Kuwait is reported to plan to invest as much as \$115 billion in the energy sector over the next five years, Silverman noted, so there are excellent opportunities for U.S. businesses.

Heavy oil and offshore oil exploration projects are also underway. New cities are being planned and built to house a growing population, Silverman said, and health care is a very high priority, including hospital administration. The U.S. Ambassador went on to highlight

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renewable energy – especially solar – as a major source of growth in Kuwait in light of H.H. the Amir’s goal of deriving 15 percent of all energy consumption from renewable sources by the year 2030.

The Government of Kuwait changed its local legal personality law a few years ago, Silverman noted, allowing foreign companies to register as 100 percent Kuwaiti companies in most sectors, and no longer requiring a 51/49 percent joint venture agreement with a local partner. To date, approximately 15 companies have taken advantage of this law, including GE, IBM, and Berkeley Research Group from the U.S.

While oil prices have been low for a few years, the Government of Kuwait continues to spend, and it still has an enviable balance sheet. The Kuwait Investment Authority, the country’s sovereign wealth fund, now under new management, is valued at close to \$600 billion. And while Kuwait’s national budget ran a deficit last year for the first time in over 15 years, Kuwait’s recent bond offering (\$8 billion) was oversubscribed.

### ... But Challenges Also Exist

Kuwait says it is working to transform itself into a more attractive business destination to overcome bureaucratic hurdles. According to the Ease of Doing Business Index released last fall by the World Bank, Kuwait ranks last among the Gulf Cooperation Council (GCC) countries and 102nd in the world. It can still take months to establish a business, Silverman noted, even under the new legal personality law.



NUSACC’s Expert Roundtable Series, which includes this Kuwait Roundtable, regularly draws a full house of C-suite level business executives, high-level U.S. and Arab government officials, and thought leaders from around the country.

Silverman noted that senior Kuwaiti officials are taking steps to address this problem. The government is establishing a “one-stop shop” to streamline registration and licensing procedures for new businesses, which should reduce some of the bureaucracy that impeded new ventures in the past.



Christian Reed, Executive Director of the Office of Middle East & North Africa at the U.S. Department of Commerce.

Ambassador Al Sabah observed that his government is addressing the problem of red tape in three ways. First, it established the Kuwait Direct Investment Promotion Authority (KDIPA) as a vehicle to assist companies in Kuwait. Second, it has established a \$7 billion fund to encourage small and medium-sized enterprises (SMEs) to help young Kuwaitis open businesses of their own. Third, a major new port project will open in 2019, thereby facilitating the emergence of Kuwait as a regional hub for goods.

Government procurement can sometimes be an issue, Silverman said, because the process moves more slowly than in other, comparable markets. Tenders are opened, canceled, or delayed. Silverman emphasized that the U.S. Embassy team is positioned to advocate energetically on behalf of American companies, provided that these firms don't wait until the last minute to register their concerns with the U.S. Embassy.

### **“There are Good Opportunities in Kuwait”**

U.S. goods exports to Kuwait increased 20 percent from 2015 to 2016, according to U.S. Government statistics compiled by the National U.S. – Arab Chamber of Commerce. NUSACC's analysis of the most recent figures for U.S.-Kuwait trade may be found [HERE](#).

In the short- to medium-term, Silverman said, Kuwait's economy will remain strong, provided that oil prices remain steady. But over the next two decades, he suggested, it will be important for Kuwait to diversify its economy, grow its private sector, increase its efficiencies, and reduce government subsidies.

“There are good opportunities in Kuwait,” Silverman advised, “if one has a strong local partner, a quality product or service, and the time and resources needed to commit to the market.” Personal relationships, patience, persistence, and physical presence are all extremely important, he said, and he invited Roundtable attendees to take advantage of the U.S. Embassy in Kuwait as a resource.



Ambassador (ret.) Gordon Gray, NUSACC Executive Vice President, introduced his former colleague, Amb. Lawrence Silverman.



From left to right: Ambassador (ret.) Gordon Gray, NUSACC Executive Vice President; David Hamod, NUSACC President & CEO; Ambassador Lawrence Silverman; Ambassador Salem Al Sabah; and Amin Salam, NUSACC Vice President of Business Development.

### **NUSACC Expert Roundtable Series**

In addition to the two ambassadors, distinguished guests at the Kuwait Roundtable included: Deputy Assistant Secretary of Commerce Skip Jones; former Congressman Nick Rahall; representatives of Fortune 500 companies; owners of SMEs; and other U.S. Government officials.

The NUSACC Expert Roundtable Series, held at the Chamber's offices, provides NUSACC members and stakeholders with in-depth insights on commercial opportunities in the Middle East and North Africa.

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To learn more about the benefits of membership in NUSACC, please click [HERE](#).

*The National U.S.-Arab Chamber of Commerce, widely regarded as the voice of American business in the Arab world, is in touch with business communities across the United States and serves as the U.S. point of contact for the national chambers of commerce in the 22 Arab nations. On a daily basis, NUSACC works closely with leaders throughout the Arab world, as well as high-level decision makers in the U.S. business community, public policy research centers, multilateral institutions, nongovernmental organizations, media, and the U.S. Government.*

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