

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGC&S

INDIA-KUWAIT BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

1. The State of Kuwait lies at the northwest extreme of the Persian (Arabian) Gulf, bordered to the northwest by Iraq and to the south by Saudi Arabia. The State comprises a mainland region and nine small islands, of which the largest is Bubiyan and the most populous is Failka. Immediately to the south of Kuwait, along the Gulf, lies a Neutral (Partitioned) Zone of 5,700 sq. km., which is shared between Kuwait and Saudi Arabia. Kuwait is a member of the UN, Arab League, Gulf Co-operation Council and OPEC.

2. Kuwait is one of the richest countries in the world. Kuwait has a wealthy petroleum-based economy. Its official currency is the Kuwaiti Dinar. By various per-capita measures of economic output, Kuwait is one of the wealthiest countries in the world. As per available report of Article IV Consultation of IMF Executive Board with Kuwait December 9, 2024, The economy of Kuwait remains in recession due to OPEC+ production cuts, but a recovery has begun in the non-oil sector, and inflation is moderating. Real GDP contracted by 3.6 percent in 2023, led by a 4.3 percent contraction of the oil sector given an OPEC+ production cut, and reinforced by a 1.0 percent contraction of the non-oil sector primarily reflecting lower manufacturing activity. More recently, real GDP contracted by 1.5 percent (y-o-y) in 2024 Q2, driven by a further 6.8 percent contraction of the oil sector that was partially offset by a 4.2 percent rebound of the non-oil sector. Headline CPI inflation declined to 3.6 percent in 2023, reflecting lower core and food inflation. More recently, headline CPI inflation moderated further to 2.6 percent (y-o-y) in September 2024.

A snapshot of Kuwait's select economic indicators is as under.

Table 1

Table 1. Kuwait: Selected Economic Indicators, 2022-2026					
			Projections		
	2022	2023	2024	2025	2026
Output and prices	(Percent change)				
Real GDP	5.9	-3.6	-2.8	2.6	2.2
Oil 1/	12.1	-4.3	-6.9	3.0	2.0
Non-oil 1/	-0.3	-1.0	2.0	2.1	2.3
CPI inflation (average)	4.0	3.6	3.0	2.4	2.2
Core 2/	3.3	3.1	2.5	2.2	2.0
External sector	(Percent of GDP, unless noted otherwise)				
Current account balance	34.3	31.4	27.2	22.5	19.8
Official reserve assets (months of imports)	9.1	9.2	9.3	9.4	9.5
Gross external debt	35.0	39.4	39.5	41.7	42.3
Government finance 3/	(Percent of GDP)				
Revenue 4/	69.8	78.6	75.4	74.0	73.2
Oil	65.5	73.7	70.2	68.5	67.3
Other 4/	4.3	4.9	5.2	5.5	5.9
Expenditure	39.4	48.7	50.7	50.2	49.7

Net lending (+) / borrowing (-) 4/	30.4	29.9	24.7	23.8	23.4	
Budgetary central government	7.2	0.9	-5.8	-7.9	-8.8	
Gross government debt 5/	2.9	3.2	7.3	12.9	16.3	
Money and credit	(Percent change)					
Credit to nonfinancial private sector	8.6	1.8	3.9	4.7	5.1	
Broad money: M2	6.5	1.0	2.7	4.6	5.1	
<i>Memorandum items</i>						
Nominal GDP (US\$ billions)	184.0	163.7	159.1	158.6	162.2	
Population (millions)	4.8	4.9	5.0	5.1	5.2	
GDP per capita (US\$)	38,380	33,321	31,753	31,029	31,104	
Sources: Kuwaiti authorities; IMF staff estimates.						
1/ Factor cost basis.						
2/ Excludes food and non-alcoholic beverages.						
3/ Calendar year basis.						
4/ Includes estimated KIA investment income and GRF profit transfers from the KPC and CBK.						
5/ Assumes resumption of government debt issuance from FY2024/25.						

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the four major merchandise export partners of Kuwait are United Arab Emirates, India, Saudi Arab and China. On the other hand four major import partners of Kuwait are China, United Arab Emirates, United States and India. Major five exported goods of Kuwait are (i) Petroleum oils and oils obtained from bituminous, (ii) Petroleum oils, etc., (excl. crude); preparation, (iii) Propane, liquefied, (iv) Butanes, liquefied and (v) Sulphonated, nitrated or nitrosated derivatives. On the other hand major five imported goods of Kuwait are i) Automobiles with reciprocating piston engine, (ii) Art. of jewellery and parts thereof (iii) Automobiles with reciprocating piston engine, (iv) Gold in unwrought forms non-monetary and (v) Transmission apparatus, for radio telephony incorporated.

4. Kuwait's total exports in 2019 were of the order of USD 64,482 million. It has scaled up to USD 83,980 million in 2023. Exports from Kuwait had increased steeply by 57.17% and 58.05% in the year 2021 and 2022 respectively. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 6.83%.

5. Kuwait's total imports in 2019 were of the order of USD 33,531 million and which has touched USD 37,490 million mark in 2023 after having experienced a decline in 2019 and 2020 later a jump by 12.50% in the year 2021. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 2.83%.

6. Kuwait runs an overall Balance of Trade surplus from 2019 to 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 5.51%.

A snapshot of Kuwait's overall Trade Statistics is presented in Table 2 and Figure 1 below.

TABLE – 2

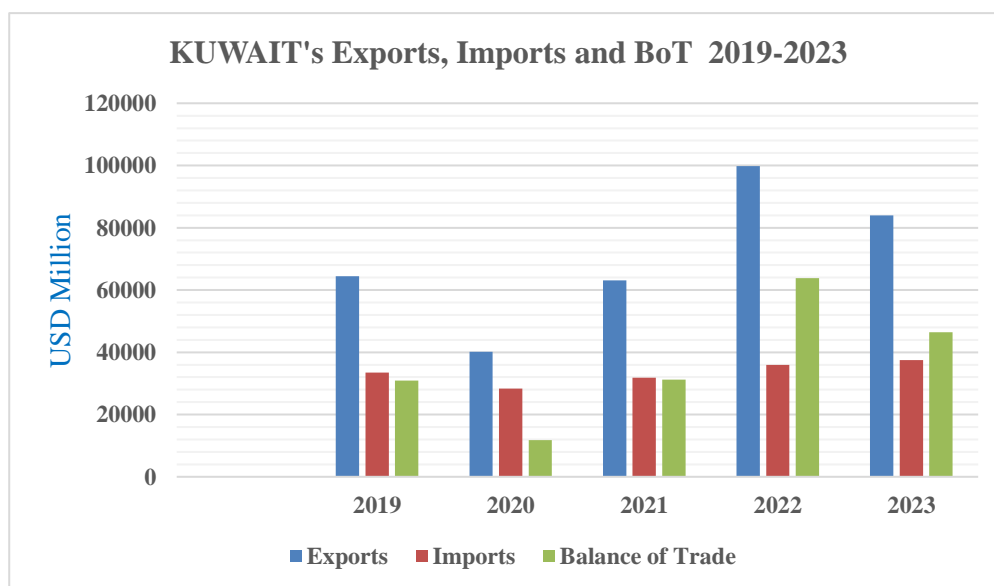
**KUWAIT'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO 2023**

(Figures in USD Million)							
Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	64482		33531		98,013		30951
2020	40166	-37.71	28344	-15.47	68,510	-30.10	11822
2021	63130	57.17	31886	12.50	95,016	38.69	31244
2022	99775	58.05	35926	12.67	1,35,701	42.82	63849
2023	83980	-15.83	37490	4.35	1,21,470	-10.49	46490
Annual Compound Growth Rate		6.83			2.83	5.51	

NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure -1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. Indo-Kuwaiti relations have always had an important trade dimension. India has consistently been among the top trading partners of Kuwait. Geographic proximity, historical trade links, cultural affinities and presence of large number of Indian nationals in Kuwait continue to sustain and nurture this long-standing relationship. Kuwait ranked 40th as an export destination of India in FY 2023-24. India's exports to Kuwait was only 0.48 % of it's total export value in FY2023-24. In the same financial year Kuwait was the 21st major import partner of India in FY 2023-24. Almost 1.24% of India's total international import value was between India and Kuwait as has been recorded in FY 2023-24 as per DGCIS data base.

8. Indo- Kuwait total volume of bilateral trade in FY 2019-20 was of the order of USD 10,860.36 million and the volume is USD 10,479.19 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of -0.89%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Kuwait. Exports from India to Kuwait increased by 25.65% in FY2022-23 compared to 2021-22 followed by another 34.78% increase in FY 2023-24 over FY 2022-23. The annual average compound rate of growth of Exports was 13.07%. On the other hand, imports from Kuwait to India remarkably increased by 111.00% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was -3.29%.

A snapshot of India's merchandise trade statistics with respect to Kuwait is presented in **Table 3** **Figure 2**.

TABLE - 3

INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. KUWAIT
FY 2019-2020 to 2023-2024

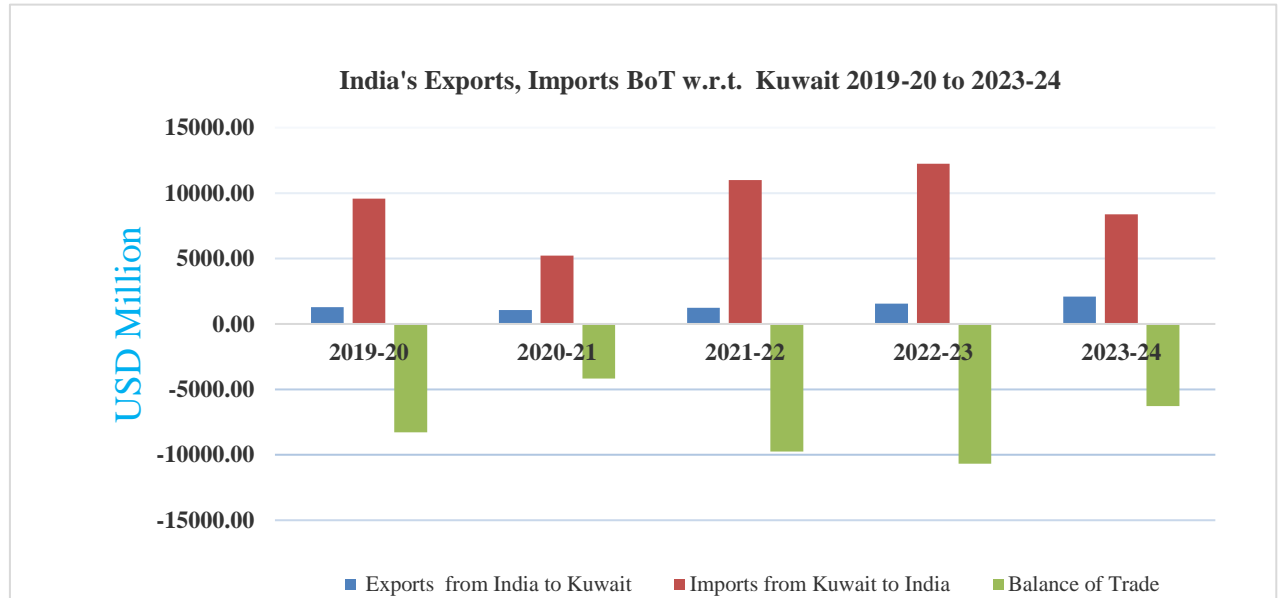
(Value in USD Million)

Year	Exports from India to Kuwait	Percentage Growth in Exports	Imports from Kuwait to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	1286.56		9573.80		10860.36		-8287.24
2020-21	1054.20	-18.06	5214.15	-45.54	6268.35	-42.28	-4159.95
2021-22	1241.93	17.81	11001.76	111.00	12243.69	95.33	-9759.83
2022-23	1560.45	25.65	12247.37	11.32	13807.82	12.77	-10686.92
2023-24	2103.22	34.78	8375.97	-31.61	10479.19	-24.11	-6272.75
Annual Compound Growth Rate		13.07		-3.29		-0.89	

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCIS, M/o C&I

Figure 2



10. Additionally, **from Tables 4 & 5 presented** below the following are stated:

- a. Aircraft, Spacecraft and Parts, Rice-Basmati and Organic Chemicals, had occupied the top three slots in India's exports to Kuwait in the year 2023-24. Aircraft, Spacecraft and Parts occupying the 24.18% share of export value India to Kuwait.
- b. Petroleum Crude; Petroleum Products and Aircraft, Spacecraft and Parts were the three major commodities in India's imports list from Kuwait in the year 2022-23, India imports a significant amount of Petroleum: Crude from Kuwait with a share of 51.11% of total imports from Kuwait recorded in 2023-24.

TABLE -4

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO KUWAIT
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Aircraft, Spacecraft and Parts	1.65	1.59	0.14	0.68	508.61	-3.64	-91.19	385.71	74695.59
	Share in total export	0.13	0.15	0.01	0.04	24.18				
2	Rice- Basmati	201.05	168.26	128.86	158.84	201.79	-16.31	-23.42	23.27	27.04
	Share in total export	15.63	15.96	10.38	10.18	9.59				
3	Organic Chemicals	44.26	29.92	99.29	146.77	139.75	-32.40	231.85	47.82	-4.78
	Share in total export	3.44	2.84	7.99	9.41	6.64				
4	Motor Vehicle /Cars	84.49	50.17	42.87	78.64	103.17	-40.62	-14.55	83.44	31.19
	Share in total export	6.57	4.76	3.45	5.04	4.91				
5	Ceramics and Allied Products	57.61	76.70	71.27	88.30	94.15	33.14	-7.08	23.90	6.63
	Share in total export	4.48	7.28	5.74	5.66	4.48				
6	Gold and Other Precs Metl. Jwlery.	26.66	35.27	64.63	64.61	91.25	32.30	83.24	-0.03	41.23
	Share in total export	2.07	3.35	5.20	4.14	4.34				
7	Products of Iron and Steel	63.62	41.91	41.02	62.72	59.70	-34.12	-2.12	52.90	-4.82
	Share in total export	4.94	3.98	3.30	4.02	2.84				
8	Marine Products	29.33	39.40	48.48	46.71	37.66	34.33	23.05	-3.65	-19.37
	Share in total export	2.28	3.74	3.90	2.99	1.79				
9	RMG Cotton Incl Accessories	47.99	30.90	38.71	45.28	36.52	-35.61	25.28	16.97	-19.35
	Share in total export	3.73	2.93	3.12	2.90	1.74				
10	Manmade Yarn Fabrics, Madeups	24.52	16.06	25.63	32.54	36.47	-34.50	59.59	26.96	12.08
	Share in total export	1.91	1.52	2.06	2.09	1.73				
	Total export to KUWAIT	1286.56	1054.20	1241.93	1560.45	2103.22	-18.06	17.81	25.65	34.78

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5

**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM KUWAIT
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Petroleum Crude	4840.35	3126.93	7943.04	8024.61	4304.21	-35.40	154.02	1.03	-46.36
	Share in total imports	50.56	59.97	72.20	65.52	51.39				
2	Petroleum Products	1009.29	1004.10	1964.63	2598.12	1906.63	-0.51	95.66	32.24	-26.62
	Share in total imports	10.54	19.26	17.86	21.21	22.76				
3	Aircraft, Spacecraft and Parts	2934.26	450.64		263.53	845.18	-84.64	-100.00		220.71
	Share in total imports.	30.65	8.64		2.15	10.09				
4	Organic Chemicals	466.43	338.18	623.96	759.00	825.56	-27.50	84.51	21.64	8.77
	Share in total import	4.87	6.49	5.67	6.20	9.86				
5	Plastic Raw Materials	81.24	53.57	52.75	133.60	106.62	-34.06	-1.53	153.27	-20.19
	Share in total import	0.85	1.03	0.48	1.09	1.27				
6	Iron and Steel	35.43	42.39	58.09	108.11	91.75	19.64	37.04	86.11	-15.13
	Share in total import	0.37	0.81	0.53	0.88	1.10				
7	Copper and Products Made of Copper	40.06	45.81	105.91	74.13	72.70	14.35	131.19	-30.01	-1.93
	Share in total import	0.42	0.88	0.96	0.61	0.87				
8	Aluminium, Products of Aluminium	41.73	35.94	87.75	73.77	71.58	-13.87	144.16	-15.93	-2.97
	Share in total import	0.44	0.69	0.80	0.60	0.85				
9	Gold and Other Precs. Metl. Jewellery	6.06	0.01	1.86	19.69	40.26	-99.83	18500.00	958.60	104.47
	Share in total import	0.06	0.00	0.02	0.16	0.48				
10	Sulphur, Unroasted Iron Pyrite		8.76	45.48	23.05	18.45		419.18	-49.32	-19.96
	Share in total import		0.17	0.41	0.19	0.22				
	Total import from KUWAIT	9573.80	5214.15	11001.76	12247.37	8375.97	-45.54	111.00	11.32	-31.61

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

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