

# Exporting Agri-Food Products to Kuwait

## A Guide for Lebanese Businesses

### AGRI-FOOD TRENDS AND MARKET OPPORTUNITIES

With only 4.27 million people, Kuwait has the fastest-growing rate of food consumption in the entire GCC region today, growing at an annual rate of 9.6% over the coming five to ten years (Source: The Food and Drink Landscape of Kuwait, Bolst Global, 2021). The high GDP per capita of around USD 32 000 in 2019 and the growing youth population, with almost 40% of Kuwait's population being under the age of 24, are fueling the demand for agri-food products (Source: World Bank Data, 2020), (Source: The GCC F&B Sector – An Enticing Opportunity, Ardent Advisory & Accounting, 2017). In fact, [Kuwait's population has the strongest purchasing power parity in the GCC](#), steering the demand towards luxury and imported goods. Western habits brought around by the high number of expatriates, making up 70% of the total population, and busy lifestyles accompanying the increasing urbanization levels, have led to a higher demand for processed and fast foods. Nonetheless, rising health consciousness has also stimulated healthier food trends in recent years (Source: GCC Food Industry, Alpen Capital, 2019).

In 2019, consumer spending habits were affected by a series of economic reforms implemented by the Kuwaiti government, including reductions in public sector jobs which account for more than three-quarters of total employment. This has led to greater price sensitivity among consumers. However, Kuwait Vision 2035, aiming at increasing local productivity and diversifying the economy among other developmental goals, is expected to boost demand for the food and beverages sector in general (Source: Recipe for Resilience, 2019-2020 GCC Food and Beverage Report, KPMG, 2020).

#### *Products with high growth potential*

##### **Dairy products:**

The market for the dairy sector in Kuwait has been growing over the last few years and is expected to [register a Compound Annual Growth Rate \(CAGR\) of 8.13% over the 2019-2024](#) period, with a projected market value of USD 13.5 billion by 2024. The dairy market is overall competitive with both local and international players on the Kuwaiti market, with brand names including Kuwait Dairy Co., Kuwait United Dairy Company, Al Safat Fresh Dairy Co., Almarai Company, etc.

##### **Confectionary:**

The market for the chocolate and confectionery sector is expected to [grow at a CAGR of over 12% by 2023](#) in the MENA region. In Kuwait in particular, retail sales of confectionery products [reached approximately USD 349 million in 2019 compared to about USD 251 million in 2015](#) and are expected to continue their growth. Chocolate is highly imported into Kuwait, amounting to 96% of imports of total cocoa and cocoa preparations imports in 2020.

##### **Ready-to-eat products:**

The ready-to-eat market in Kuwait is expected to register significant growth between 2020-2026 driven by an increase in online shopping of ready-made food preparations. Moreover, the Kuwaiti government's "Kuwait Vision 2035" is likely to increase public-private partnerships (PPPs) in the retail sector which would [create ample opportunities for online ready-to-eat food stores](#) in the coming years.

In 2020, miscellaneous food preparations accounted for 26% of Ready to Eat products imports into Kuwait, followed by preparations of sauces (14%) and fruit juices (11%).

### **What does Kuwait import? And from where?**

In 2020, Kuwait imported about USD 2.7 billion worth of agri-food products (Source: ITC Trade Map, 2020).

Top imported agri-food products in 2020 in Kuwait include:

- **Dairy products** – accounting for 23% of total agri-food imports in Kuwait. These products are mostly imported from Saudi Arabia (41%), the Netherlands (16%) and New Zealand (10%). Imports of dairy products stood at 626,537 million in 2020, with the highest dairy imports in the milk and cream category (38%), followed by cheese and curd (32%).
- **Preparations of cereals** – accounting for 15% of total agri-food imports in Kuwait. These products are mostly imported from Saudi Arabia (30%), the United Kingdom (9%) and Italy (7%). Imports of preparations of cereals stood at 406,381 million in 2020, mainly dominated by imports of bread, pastry, and biscuits (53%).
- **Miscellaneous edible preparations**– accounting for 12% of total agri-food imports in Kuwait. These products are mostly imported from the United Arab Emirates (16%), the United States of America (12%) and Bahrain (8%). Imports of miscellaneous edible preparations stood at 317,876 million in 2020, mainly dominated by imports of food preparations (47%), followed by sauces and preparations of mixed condiments (26%).

## **Kuwait – Lebanon Trade**

Lebanon’s agri-food exports to Kuwait have been growing at a Compound Annual Growth Rate (CAGR) of 3.01% over the 2012-2019 period (Source: Lebanese Customs, 2020).

Based on Lebanese Customs data, the top exported agri-food products from Lebanon to Kuwait in 2020 :

- Prepared vegetables, fruits and nuts e.g., “mouneh” products (29%).
- Beverages, spirits, and vinegar (22%).
- Animal and vegetable fats and oils and their fractions e.g., olive oil (15%).
- Cocoa and cocoa preparations (12%).
- Preparations of cereals, flour, starch, or milk (10%).

Based on ITC data, the food categories with the greatest export potential to Kuwait are:

- Preserved vegetables and mixtures.
- Nuts and
- Chocolate and cocoa preparations.
- Bread and pastry

## MARKET ENTRY AND DISTRIBUTION CHANNELS

Kuwait has a small retail sector relative to the UAE or Saudi Arabia, but the sector is still attractive for investors as they see great opportunities due to changing consumer trends and increased preference for international food and modern shopping experiences.

### Main Supermarket Chains

The Kuwaiti grocery and food retail sector is split among cooperatives (coops) run by the government, which held 55% of the grocery market and accounted for around 65% of food sales in 2018, privately-owned supermarkets and hypermarkets, as well as small shops. In fact, Kuwait is reported to have the lowest penetration rate of private sector supermarkets in the GCC region. However, this trend has been changing as the share of coops in the market has been diminishing in face of the growth of supermarkets.

Private supermarkets and hypermarkets bring convenience to customers by offering a wide range of imported products and an improved customer experience. Among the major ones are Carrefour and Marks & Spencer, operating separately in partnership with Majid El Futtaim Group, in addition to Geant, LuLu and Sultan Center (Source: Large-Format Retail Chains Expand in Kuwait Retail, Oxford Business Group, 2015).

### E-commerce Trends

On the other hand, Kuwait enjoys the highest internet penetration rate in the Middle East, at 98%, and has been a pioneer in food digitization ever since 2004, with the establishment of the first food platform [Talabat](#) has now become a regional success (Source: Large-Format Retail Chains Expand in Kuwait Retail, Oxford Business Group, 2015). The growing popularity of online food marketplaces has indeed paved the way for other platforms. A few years back, [Delivery Hero](#), one of the global leading delivery marketplaces, also embarked on the Kuwaiti market (Source: GCC Food Industry, Alpen Capital, 2019).

## Practical Tips to find buyers

- Be active and participate in major international fairs and shows taking place in Kuwait related to food and beverages, such as the [HORECA in Kuwait](#), to meet buyers, influencers and potential partners.
- Network and meet people to support you in your journey. The [Lebanese Business Council in Kuwait](#) can support you in this.
- Contact the [Kuwait Chamber of Commerce](#) to list your services and find new buyers.
- Search for members in Kuwait's largest food association and try to contact them
- Create a profile on [ITC Trade Map](#) and find a list of buyers by products and sectors in specific countries. This service is available for free for users from Lebanon.
- Try to find Lebanese executives in leading food importing and distribution companies in Kuwait and contact them to pitch your company's profile and products. LinkedIn would be a good place to start to find such executives.

- Contact existing importers and distributors of Lebanese food brands in Kuwait to introduce them to your products and discuss potential collaboration opportunities. Such companies include: [Food Choice Company](#), [Lama Supermarket](#).
- Engage with [social media influencers](#) and specifically with [food bloggers](#) to build your brand's profile in Kuwait.
- Take advantage of Ramadan's season or any other major event happening in Kuwait to introduce your brand to the market.
- Plan your market entry between September and April, as many expats, including senior managers and key decision makers, are outside the country during summer

## Insights from Food Choice Kuwait, a major distributor of Lebanese Food brands in Kuwait

[Food Choice Company](#) has more than 25 years of experience working with Lebanese food brands. Out of the 72 brands it distributes across the Kuwaiti market, it is the exclusive importer of nine Lebanese brands, namely Dairy Khoury, Taanayel, Café Najjar, Al Rabih, Dolly's, Al Wadi Al Akhdar, Dirani, Chtoura Garden and Al Wazir. It buys the products directly from Lebanon and distributes them in Kuwait to supermarkets/hypermarkets, hotels, catering companies, etc. The company has been working on increasing its portfolio of Lebanese food brands due to a growing demand in the Kuwaiti market. Food Choice also imports Lebanese products into Saudi Arabia and Dubai through partnerships with other distributors.

*How does the company source its products from Lebanon?*

The company selects Lebanese products to be imported based on their history, reputation, quality, uniqueness, popularity and demand in the Lebanese market... Food Choice Company is actively looking for brands that have innovative products or recipes. The market for ready-to-eat products is particularly promising in Kuwait; for instance, the company recently gained massive success by introducing a Tahini-based dressing called Tarator in the Kuwaiti market.

*What are the most promising Lebanese food products in the Kuwaiti market?*

Lebanese dairy products from Lebanon with a long-shelf life are in high demand and have a great potential in the Kuwaiti market. Since dairy companies in Lebanon are not able to keep up with the increasing demand stemming from Kuwait, there is room for new innovative players to enter this competitive market.

Ready-to-eat meals, especially dressings and sauces, also have a high potential. However, these recipes need extensive marketing campaigns to introduce them to the mainstream retailers and shoppers.

*How does the company work with Lebanese exporters? What kind of services does it offer them?*

Food Choice Company works with Lebanese exporters on an exclusivity basis. However, the company is also open to explore other contract arrangements depending on the brand and its offerings.

Usually, the company buys the products on ex-works basis: as an importer, we handle all incurred logistics and shipping costs.

The company, through its supply chain department, guides Lebanese food companies on the Kuwaiti regulations and procedures needed to enter the market (with regards to certifications needed, custom documentation, laboratory testing needed... etc.).

Marketing costs in Kuwait are usually shared with the exporter especially when a huge campaign is planned. Food Choice Company uses social media channels extensively to advertise for Lebanese food brands and works with local influencers in Kuwait to generate demand and interest in the brands it represents.

*If you would like to give advice to potential Lebanese exporters, what would you tell them?*

- Use innovative techniques to increase the shelf-life of your products while ensuring the usage of safe and natural additives. Such products could help reduce the costs of transportation as they can be shipped through land or sea.

Don't limit yourself to the needs of the Lebanese diaspora in Kuwait, as it counts for 40,000 only. You should rather aim to develop products that are also attractive for Kuwaitis and the expatriate population from the various Arab and non-Arab countries.

- Invest in innovative new recipes and attractive packaging to enter new markets (for example, there is a huge potential to introduce and mainstream pomegranate molasses as a salad dressing in Kuwait and other western markets such as Germany).

## **LEGAL REQUIREMENTS AND STANDARDS**

Kuwait's Public Authority for Food and Nutrition (PAFN) is the official national entity mandated to ensure the safety of food supplies, and to control food producers, importers, and sellers in the country. [PAFN is responsible for setting up food safety criteria](#) and developing a national food and nutrition policy, promoting healthier eating habits and lifestyles, fighting malnutrition, and bringing down foodborne diseases.

The GCC Common Customs Law regulates customs procedures in Kuwait. Imports must be declared prior to the goods' arrival, either by the owners of the goods or their authorized representatives or by licensed customs brokers who have to be GCC nationals. Non-GCC nationals can operate through the office of a licensed customs broker. The majority of import declarations, including licensing and certifications of origin, are done electronically through a system that identifies whether the goods are prohibited from importation, require special permission, or need an inspection. The "general" licensing system is requested for all goods coming from all countries (Source: World Trade Organization, 2007). Importers must be registered with the Kuwait Chamber of Commerce and Industry (KCCI) and must first obtain a commercial license, and then an import license, both licenses from the Ministry of Commerce and Industry (MCI), which is the only administrative entity responsible for issuing licenses (Source: Kuwait – Country Commercial Guide, International Trade Administration, 2021), (Source: World Trade Organization, 2007). Whenever the electronic system recognizes the need for special permission, it automatically identifies the competent agency authorized to issue the permit. Interestingly, a vast variety of agri-food products such as cereals, prepared foodstuffs, and beverages, do require that special permit (Source: World Trade Organization, 2007).

For all imports, Kuwait requires the authentication of documents like the commercial invoices, certificates of origin, health and halal meat certificates, and manifests by the Kuwaiti embassy or an assigned embassy in the exporting country (Source: World Trade Organization, 2007).

### ***Import Documentation***

When you are exporting agri-food products to Kuwait, you need the following documents for customs clearance:

- Certificate of Origin issued by the Chamber of Commerce and legalized by the Ministry of Foreign Affairs and the Kuwaiti Embassy in Lebanon.
- An original commercial invoice (in triplicate) attested by the Chamber of Commerce, and must state the country of origin, name of the carrier, brand, and quantity of goods, and description of the goods including weight and value.
- A bill of lading or airway bill.
- Pre-approval from the Ministry of Economy and Trade for certain products that were subject to government subsidies.
- Insurance documents, if shipments are sent CIF.
- Halal certificate for meat-based products.
- Packing list.
- Health certificate issued by the Ministry of Agriculture.
- Phytosanitary certificate for plant-based products such as fresh fruits and vegetables issued by Ministry of Agriculture.
- Certificate of Free Sale for novel food issued by the Ministry of Agriculture.

### ***Labelling Requirements***

Food labels must include the following :

- Product and brand names.
- Production and expiry dates.
- The batch number.
- Country of origin.
- Name and address of the manufacturer.
- Net weight in metric units.
- A list of the ingredients in descending order of importance.
- the nutritional information, the origin of animal fats, additives.
- Address of the manufacturer or packer.
- The storage/preparation/handling instructions.
- Labels must be in Arabic only or in Arabic/English.
- All meat and poultry products labels must be Halal certified (Source: Kuwait – Country Commercial Guide, International Trade Administration, 2021).
- The information must be in Arabic, but multi-lingual labels are also accepted.

## **FREE TRADE AGREEMENTS AND RULES OF ORIGIN**

Lebanon enjoys favorable export terms with Kuwait, through the Greater Arab Free Trade Area (GAFTA) agreement, by which Lebanese agriculture and industrial products including agri-food products enter the country customs duty-free, hence boosting their competitiveness in the Kuwaiti market. However, it is important to learn about the rules of origin, as not all goods produced in Lebanon benefit from the agreement. To qualify, products need to be fully produced in Lebanon with 100% of raw material from Lebanon or with at least 40% of the value add of the product should be locally sourced. For more information, it is best to contact the [Ministry of Economy and Trade](#).

In order to benefit from the custom exemptions under the GAFTA agreement, the exporter needs to submit a certificate of origin that is issued by the Chamber of Commerce, Industry and Agriculture in Lebanon and authenticated by the Ministry of Foreign Affairs as well as the Ministry of Agriculture and Ministry of Industry. You can check the [export guide](#) developed by the Ministry of Economy and Trade to understand the paperwork needed to issue the certificate.

## TRANSPORT AND LOGISTICS INFRASTRUCTURE

Exporting to Kuwait is easy as the country has modern logistics and transportation infrastructure.

### ***Air transportation***

Kuwait International Airport is the [only airport with scheduled flights in Kuwait](#). Lebanon is well connected to Kuwait through regular daily flights facilitating trade and commerce.

### ***Sea Transportation***

Today, the country has three main seaports: Shuwaikh Port which is the main commercial port of Kuwait, Shuaiba Port and Doha Port. There is another major port, Mubarak Al Kabeer Port on the Boubyan Island that is [scheduled to become operational](#) in August 2021 and expected to become an important regional hub.

### ***Land Transportation***

The Kuwaiti market can also be reached through land with Al-Salmi border crossing, which is located on the western borders with Iraq and Saudi Arabia.

### ***Disclaimer***

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