

A private sector champion

By **ALI MOHAMMED THUNAYAN AL-GHANIM**

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graduated from Hanover University in Germany with a BA in Mechanical Engineering. He then returned to Kuwait and entered politics, and in 1971 became a member of the Kuwaiti Parliament for four years. Before that, and subsequently, he was Vice Chairman & Mandator Member for The General Assembly of Industrial Shaebi Area, as well as Vice Chairman of the Social Insurance Foundation. He has extensive experience in business, and has sat on the boards of several leading companies.

Set up in 1959 as an independent, not-for-profit body, the main function of the KCCI is to establish commercial and industrial rules, and plays a consultative role in a wide range of economic policies and activities, such as the setting up and regulation of the stock exchange, as well as infrastructure such as ports and free zones. The KCCI also expresses its opinion concerning the Kuwaiti economy as a whole.

As the private sector's representative and a consultative institution in economic matters, the KCCI spares no effort in encouraging and helping the private sector in all regards.

Our different departments offer a wide range of services to the business community from foreign and national trade and economic statistics to advice and information on tendering, training courses and workshops.

The KCCI advocates for and promotes a bigger role for the private sector through much needed economic diversification away from the government-controlled oil sector. In its consultative capacity vis-à-vis economic and business legislation, KCCI plays an active role by championing and endorsing laws that encourage and create a market-friendly environment.

There has been an increased recognition of the private sector and its role in the Kuwaiti economy. This has gained momentum recently with the reform endeavours and the diversification efforts away from oil. Although the government essentially owns and operates the oil sector, the private sector has made great strides in this respect. While there has been a tendency to sell or divest government interests in shareholding companies of the "joint sector," selected projects have been carried out and approved on a BOT (build, operate, transfer) basis involving millions of dollars.

Some of the Kuwaiti reforms introduced recently include a number of programmes and laws that have been passed with a view to facilitating private sector growth and foreign investment, among them the Privatisation Programme, the Foreign Investment Law, the Competition (Antitrust) Law, the revised Corporate Income Tax Law, and the BOT Law.

As part of the privatisation programme, the government sold a lot of its shares in local companies to the public. The divested companies engage in activities ranging from

banking and insurance to fishing and food retailing. Plans are currently being considered to privatise important sectors of the economy, such as telecommunications, transportation and power generation.

The Foreign Investment Law authorises foreign ownership of local projects up to 100 per cent. It also authorises tax holidays of up to 10 years for new foreign investments, facilitates the entry of expatriate labour, provides guarantees to repatriate profits, and precludes expropriations. New investors are grandfathered against any future changes to the law.

The revised Corporate Income Tax Law has reduced taxes on foreign companies to 15 per cent across the board (from a previous complex structure reaching up to 55 per cent). There is no personal income tax imposed in Kuwait.

For foreign companies involved in export businesses, there will continue to be vast potential export opportunities. We import almost all our goods and services from abroad. Rising levels of oil revenues in recent years are likely to drive rapid import growth. There is also a growing need for consultancy firms in a variety of fields, including human resources, capacity-building, and technology applications.

Kuwait has a highly competitive market that is open to all companies of various countries interested in doing business in Kuwait. British companies enjoy a comparative advantage due to the excellent relations between our country and the UK, coupled with the reputation UK goods and services enjoy here. There is more room for UK businesses to expand in the Kuwaiti market, thanks to recent deals between our two governments.

I hope that UK companies will consider choosing Kuwait as their hub for the area, and we here in the Chamber can play a key role in responding to their needs and requirements. We will also be happy to coordinate with UK Trade & Investment and other business groups to that end. A good starting point for UK businesses looking to enter Kuwait and the region area is to participate in one of the UK trade missions that regularly come here. The Kuwait Chamber of Commerce and Industry is always willing to provide support and to make offers of UK businesses available to our members through our different venues and channels. For more information about KCCI, its activities and services, visit www.kcci.org.kw.