

COUNTRY PROFILE



Kuwait

GLOBAL RANK: 30th of 104



Kuwait ranks 30th overall, more successful in terms of Comparative Liveability (27th) than Economic Competitiveness (35th), helped by good income, health and family life ratings.

● BACKGROUND

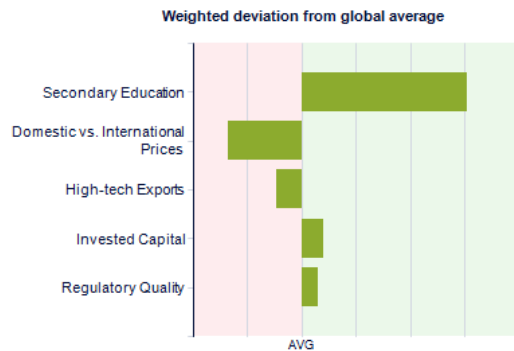
This Middle Eastern state with a population of just 2.6 million people, strategically located on the Persian Gulf, possesses an estimated 10% of the world's known oil reserves. Kuwaiti citizens (who constitute less than half of the population) enjoy extensive welfare programmes, and taxes are low. A long term challenge is to diversify the economy away from its dependence on oil wealth. Kuwait's constitution gives extensive authority to the Emir, chosen from the Al-Sabah ruling family, but Kuwaitis have relatively high levels of personal freedom. Parliament is stronger than in many other Middle Eastern states, and women were granted the vote in 2005.

FAST FACTS

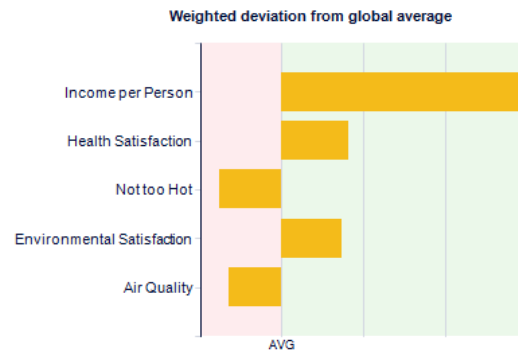
Population:	2.6 million (2008 est.)	FDI (net inflow):	0.08% (2006 est.)
Life Today	6 (2006 est.)	Exports	59.70% (2006 est.)
GDP (PPP)	\$130.1 billion (2007 est.)	Imports	16.64% (2006 est.)
GDP (Growth)	4.6% (2007 est.)	Unemployment:	2.2% (2004 est.)
GDP (per Capita)	\$39,300 (2007 est.)	Life Expectancy	77.53 years (2008 est.)
Political System:	Constitutional Emirate		
Foreign Aid:	0.00% (2004 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Kuwait is one of the world's leading exporters of oil and much of its economy is reliant on oil wealth. Petroleum accounts for nearly half of GDP, 95% of export revenues, and 80% of government income. Ever-increasing oil prices since 2003 have helped build Kuwait's budget and trade surpluses, and foreign reserves have added to the amount of capital investment and have made Kuwait one of the fastest growing economies in the region. Furthermore, government regulatory quality is high, in the indicators compiled by the World Bank, providing a stable framework for further growth. This achievement in deregulation is reflected in very low costs for starting a business.

However the government's aim of reducing Kuwait's dependence on oil through economic diversification has slowed as a result of the

Kuwait is a tax-free, high income country with a well-developed, modern infrastructure and a comprehensive welfare system funded by oil reserves. Unemployment is very low at 1.3% and the labour force is extremely fluid. Almost half of this small Gulf nation's population is made up of foreigners, and non-Kuwaitis represent about 80% of the labour force. A further key driver of life satisfaction is the contentment of 94%⁹ of Kuwait's population with their personal health.

The structure of government restrains political freedoms, and the formation of political parties is in practice blocked, although not expressly forbidden by law. Furthermore, the government passed laws in 2005-06 that restrict the freedom of speech, and religious

current oil boom. Other sectors of the economy include shipping, construction and financial services, although high-tech exports are notably lacking. Scores for commercialisation of innovation are, in general, low.

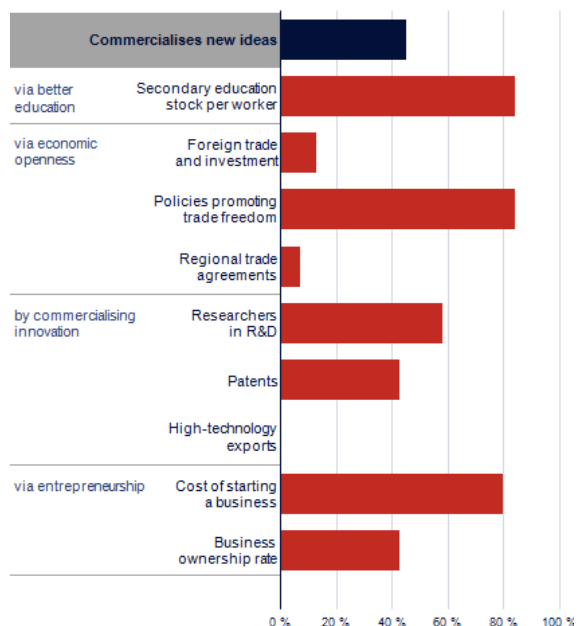
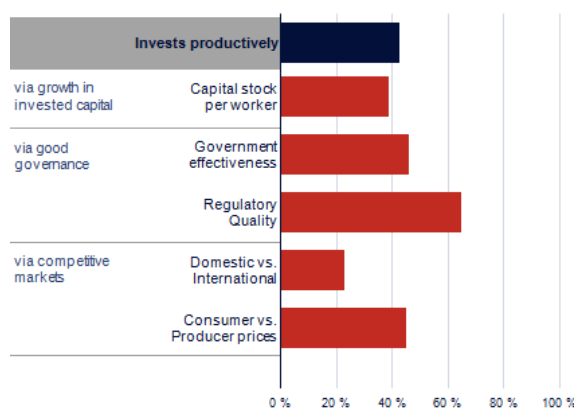
With its oil revenue priced in US dollars, Kuwait decided in 2007 to change its currency peg from the US dollar to a basket of currencies in order to curb inflation, and to reduce its vulnerability to external shocks. These measures have likely adversely affected its competitiveness score, which is based on movements in relative price levels. However, more positively, mass education levels are extremely high, with an average of five years of secondary education per worker.

freedoms are similarly restricted.

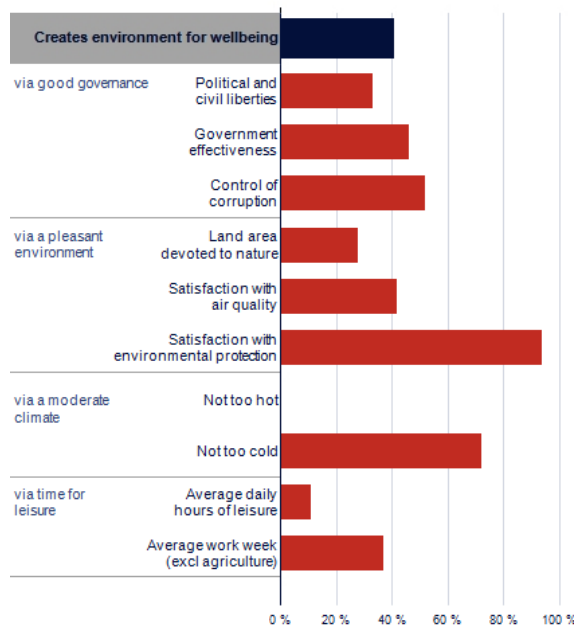
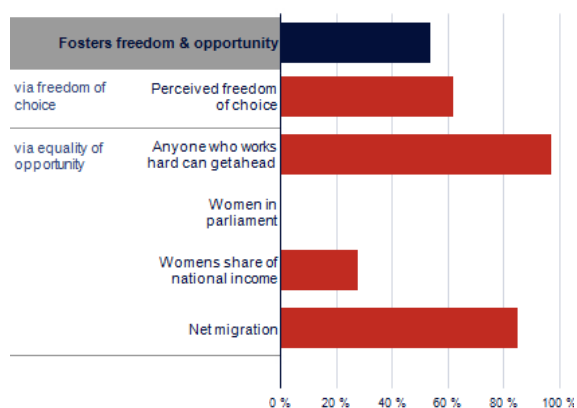
Oil wealth has created opportunities. Massive inward migration reflects this, as does a general optimism in the population about the potential to get ahead through hard work, according to the Gallup World Poll. However, this does not extend to gender equity. Prior to 2005, women did not have the right to vote and no parliamentary seats are held by women.

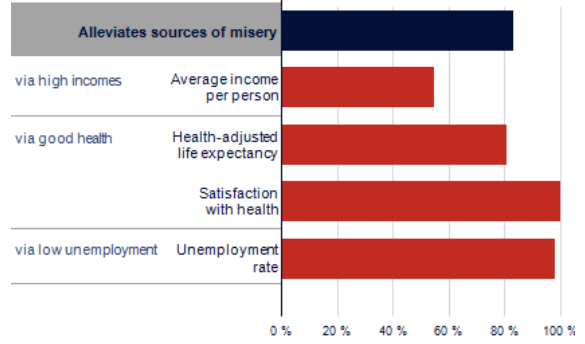
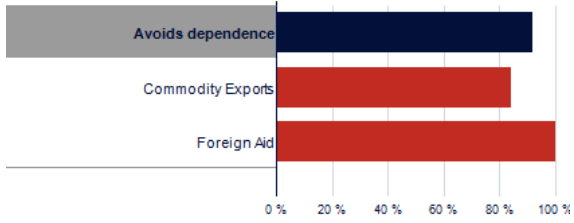
Many immigrants from South and Southeast Asia work in domestic or low-skilled jobs, but are often subjected to poor conditions. At nearly 50 hours a week, working hours are extremely long and leisure time is correspondingly low at 2.67⁹ hours a day. As a desert nation, Kuwait suffers from extreme heat in the summer, to a degree that may be detrimental to wellbeing. Kuwaitis express satisfaction with efforts to preserve the environment, although this is tempered by dissatisfaction with air quality.

ECONOMIC COMPETITIVENESS: SCORECARD

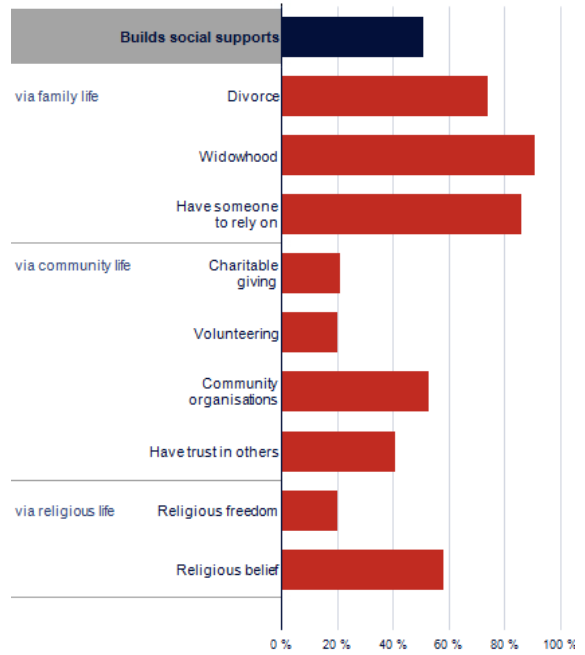


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.