



**Congressional
Research Service**

Informing the legislative debate since 1914

Kuwait: Governance, Security, and U.S. Policy

Kenneth Katzman

Specialist in Middle Eastern Affairs

February 3, 2015

Congressional Research Service

7-5700

www.crs.gov

RS21513

Summary

Kuwait has been pivotal to U.S. efforts to secure the Persian Gulf region because of its willingness to cooperate with U.S. strategy and military operations in the region, its location close to both Iran and Iraq, and its role as the object of past Iraqi aggression. Kuwait arguably became even more central to the U.S. ability to project power in the northern Persian Gulf when all U.S. combat troops left Iraq in 2011. Kuwait has helped Iraq reintegrate into the Arab world; it is supporting U.S. efforts to contain Iranian power and enforce Iran sanctions; and it is procuring missile defense technology that furthers the U.S. goal of a GCC-wide missile defense network. Still, as demonstrated by the Amir of Kuwait's May 2014 visit to Iran, Kuwait maintains relatively normal economic and political relations with Iran so as not to provoke the Islamic Republic. Kuwait receives no U.S. foreign assistance and has instead been a donor of both cash and in-kind support to U.S. operations in the region since Iraq's 1990 invasion of Kuwait.

Kuwait is supporting U.S.-led efforts to defeat the Islamic State organization in Iraq and Syria by placing its airbases and other military facilities at the disposal of the U.S.-led anti-Islamic State coalition—even though Kuwait is not itself participating in coalition military operations against the group. Kuwait hosts the forward command center for Operation Inherent Resolve that is attempting to degrade and ultimately defeat the Islamic State organization. Yet, U.S.-Kuwait differences have emerged over what U.S. officials say is Kuwait's inability to stanch the flow of private Kuwaiti funds to extremist Islamist groups fighting in Syria. Kuwait's government supports the Sunni-led rebellion in Syria with humanitarian aid only.

On other regional issues, Kuwait generally acts in partnership with its allies in the Gulf Cooperation Council (GCC). In March 2011, Kuwait sent naval forces as a largely symbolic participation in GCC military intervention to help Bahrain's government suppress an uprising by the majority Shiite population. Kuwait's leadership, along with that of Saudi Arabia and UAE, sees Muslim Brotherhood-related organizations as a domestic threat, and all three countries supported the Egyptian military's July 2013 removal of elected president and senior Muslim Brotherhood leader Mohammad Morsi from power. Kuwait has tended to defer to GCC leader Saudi Arabia and other GCC states in offering proposals to resolve the Israeli-Palestinian dispute.

Domestically, Kuwait's political system was in turmoil during 2006-2013, initially manifesting as parliamentary opposition to Sabah family political dominance but later broadening to visible public unrest in 2012-2013. Disputes over the ruling family's power and privileges produced repeated constitutional dissolutions of the all-elected National Assembly and new elections, the latest of which were held on July 27, 2013. The July 2013 elections produced a pro-government Assembly more amenable to working with the ruling family, ushering in a period of renewed legislative and governmental action on long-standing issues and an end to most public protest.

Yet, the ruling family has not necessarily eliminated the causes of the unrest. Kuwait remains a relatively wealthy society, where most citizens do not want to risk their economic well-being to try to bring about the downfall of Al Sabah rule. The government has reduced unrest by implementing budgets replete with subsidies and salary increases, and undertaking some repressive measures such as imprisoning or revoking the citizenship of social media critics for "insulting the Amir." These measures have tarnished Kuwait's reputation as the most politically progressive of the GCC states. The years of political paralysis also have contributed to economic stagnation relative to Kuwait's more economically vibrant Gulf neighbors such as Qatar and the United Arab Emirates (UAE). Kuwait receives virtually no U.S. foreign assistance.

Contents

Government and Political Reform	1
Government Structure.....	1
The Elected National Assembly	1
Assembly Authorities	2
Political Factions in and Outside the National Assembly	2
Post-2006 Political Crises: Assembly Suspensions and Elections	3
Elections During 2006-2009	3
Arab Uprisings Intensify Kuwait’s Political Crisis	4
2012-2013: Waves of Elections and Demonstrations.....	4
U.S. Responses and Implications for U.S. Interests.....	7
Broader Human Rights Issues	8
Women’s Rights	8
Trafficking in Persons	8
Status of “Stateless Persons“ (Bidoons).....	8
Freedom of Expression and Media Freedoms.....	9
Labor Rights.....	10
Religious Freedom	10
U.S.-Kuwait Relations and Defense Cooperation.....	10
U.S.-Kuwait Defense Cooperation Agreement (DCA) and Ongoing Defense Cooperation	12
Cooperation Post-U.S. Withdrawal from Iraq in 2011	13
Hosting Coalition Operations Against the Islamic State Organization	13
Kuwait’s Defense Cooperation with GCC Allies	14
U.S. Security Assistance.....	15
Major U.S. Arms Sales to Kuwait.....	15
International Military Education and Training (IMET).....	16
Other Foreign Policy Issues.....	16
Residual Bilateral Issues With Iraq	17
Iran.....	19
Arab-Israeli Dispute	19
Actions on 2011 Uprisings and Instability in the Region.....	20
Performance on Countering Terrorism Financing/Islamic State Donations	22
Kuwaiti Economic Policy	23

Figures

Figure 1. Map of Kuwait.....	26
------------------------------	----

Tables

Table 1. Composition of the National Assembly: 2008–2013	7
Table 2. U.S. Aid to Kuwait and Purposes.....	16
Table 3. Some Basic Facts	25

Contacts

Author Contact Information..... 26

Government and Political Reform¹

Kuwait's optimism after the 2003 fall of its nemesis, Saddam Hussein, soured after the January 15, 2006, death of Amir (ruler) Jabir Ahmad al-Jabir Al Sabah. Since then, Kuwait has lurched from one political crisis to the next, producing a sense of economic and political stagnation. At the time of Amir Jabir's death, his successor, Shaykh Sa'ad bin Abdullah Al Sabah, was very ill (he later died), and a brief succession dispute among rival branches of the ruling Al Sabah family ensued. It was resolved with then Prime Minister Shaykh Sabah al-Ahmad al-Jabir Al Sabah, the younger brother of the late Amir, succeeding him on January 29, 2006. Shaykh Sabah is about 83 years old. The succession dispute was unprecedented in Kuwait and the broader Gulf region for the first involvement of an elected legislature in replacing a leader.

Although the leadership question was resolved, it produced a suspension of the tacit agreement to alternate succession between the Jabir and Salem branches of the family. Amir Sabah appointed two members of his Jabir branch as Crown Prince/heir apparent and as prime minister (Shaykh Nawwaf al-Ahmad Al Sabah and Shaykh Nasser al Muhammad al-Ahmad Al Sabah respectively). Tensions between the two branches of the family have since simmered.

Government Structure

Under Kuwait's 1962 constitution, the Amir is the head of state and ruler of Kuwait. He serves as Commander-in-Chief of the Armed Forces, appoints all judges, and has the power to suspend the National Assembly for limited periods of time. The Amir can be as involved in or detached from day-to-day governance as he chooses; Amir Sabah tends to be more directly involved in governance than was his predecessor.

The Amir appoints a Prime Minister as head of government, who in turn appoints a cabinet. The Prime Minister has always been a member of the Sabah family, and until 2003 the Prime Minister and Crown Prince/heir apparent posts were held by a single person. Some in the Sabah family argue that the Prime Minister and Crown Prince positions should again be combined because the National Assembly is not constitutionally able to question the Crown Prince. In typical Kuwaiti cabinets, three out of four deputy prime ministers are members of the family, as are the Defense Minister, Foreign Minister, Interior Minister, and at least a few others of the 28 ministers. The Prime Minister is Shaykh Jabir al-Mubarak Al Sabah, who first took office in December 4, 2011.

The Elected National Assembly

The National Assembly, established by Kuwait's November 1962 constitution, is the longest-serving all-elected body among the Gulf monarchies. Fifty seats are elected, and up to 16 members of the cabinet serve in the Assembly *ex-officio*. The government has expanded the electorate gradually: in the 1990s, the government extended the vote to sons of naturalized Kuwaitis and Kuwaitis naturalized for at least 20 years (as opposed to 30) years. Kuwait women

¹ Much of this section is from the State Department's country report on human rights practices for 2013 (released February 27, 2014), <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2013&dliid=220363#wrapper>; the *International Religious Freedom Report* for 2013 (June 19, 2014), and <http://www.state.gov/j/drl/rls/irf/religiousfreedom/index.htm?year=2013&dliid=222299#wrapper>; and the *Trafficking in Persons Report for 2014* (July 2014), <http://www.state.gov/documents/organization/226847.pdf>

obtained suffrage rights when the National Assembly passed a government draft bill to that effect in May 2005. In recent elections, about 400,000 Kuwaitis have been eligible to vote.

Assembly Authorities

Although Kuwait's constitution enshrines the hereditary monarchy, the Kuwait National Assembly has more scope of authority than any legislative or consultative body in the Persian Gulf. It can introduce legislation as well as vote on government-introduced legislation. The Assembly does not confirm cabinet nominees (individually or en bloc), but it can, by simple majority, remove individual ministers in a vote of "no confidence." When the Assembly takes that step, it generally does so after parliamentary questioning of that minister, referred to as "grilling." The Assembly can vote no confidence in the prime minister by voting "inability to cooperate with the government," and it can veto government decrees issued during periods of Assembly suspension. Amirs of Kuwait have, on several occasions (1976-1981, 1986-1992, 2003, 2006, 2008, 2009, 2011, and 2012), used their constitutional authority to dissolve the Assembly when it grilled or threatened to grill government ministers. Suspension of the Assembly mandates new elections within 60 days.

Those opposing the government have tended to seek greater authority for the Assembly and a limitation of the powers of the government and by extension, the Al Sabah. Much of the opposition seeks a constitutional monarchy in which an elected majority within the Assembly would name a Prime Minister, who would assemble a cabinet.

Political Factions in and Outside the National Assembly

Political parties are still not permitted, but factions are organized and compete in Assembly elections as "currents," "trends," or "political societies." Many of these factions organize at a parallel traditional Kuwaiti forum called the *diwaniyya*—informal social gatherings, held at night, hosted by elites of all ideologies and backgrounds. Factions in Kuwait, both in and outside the National Assembly, are often fluid, but in general they group as follows:

The "Opposition"

- *"Liberals."* Highly educated elites who tend to form the core of the opposition to the government. Many of the liberals had been part of Arab nationalist movements in the 1960s and 1970s, and in many cases have studied abroad. In prior years they had operated under the banner "Kuwait Democratic Forum." Some liberal Kuwaitis often side with the government.
- *Sunni Islamists.* They are generally opposed to the government. Within this broad category, there are two major groupings: those linked to the Muslim Brotherhood, and harder line Sunnis called Salafists. Those linked to the Muslim Brotherhood have often operated under a banner called the Islamic Constitutional Movement (ICM).
- *Youths and Intellectuals.* The broader opposition, outside the National Assembly, the opposition includes youth and intellectuals, many of whom have become more active since the Arab uprisings began in early 2011 but have been active in Kuwait far longer than that. Since 2008, these groups have sometimes organized

during election campaigns to support liberal deputies, using such names as the “Orange Movement” or “Fifth Fence.”

Government Supporters

- *“Tribalists.”* Generally less educated but who dominate two out of the five electoral districts and tend to support the government, although not universally. At times, some tribalists in the Assembly have grouped into a faction widely referred to as “service deputies”—Assembly members primarily focused on steering government largesse and patronage to their constituents.
- *Shiites.* Most in the Assembly are Islamists, assembled in a bloc called the National Islamic Alliance. They tend to side with the government, perhaps out of greater concern about Sunni Islamists.
- *Women.* When in the Assembly, female deputies, both Shiite and Sunni, have tended to align with the government.

Post-2006 Political Crises: Assembly Suspensions and Elections

The constant disputes between the Al Sabah and oppositionists in the Assembly during 2006-2013 manifested as repeated Assembly suspensions and subsequent elections. None of these actions has resolved fundamental differences over the power balance between the executive and the legislature.

Elections During 2006-2009

- Five months after becoming leader, Amir Sabah suspended the Assembly in May 2006 when 29 opposition members demanded to question the Prime Minister over the government’s refusal to reduce the number of electoral districts to 5 (from 25). The opposition wanted the larger districts to make it more difficult to influence the outcome through “vote buying” or tribal politics.
- *June 29, 2006, election.* In this election, the opposition attracted youth support under the “Orange” banner and won 34 out of the 50 seats. The election was the first in which women could vote or run, but none of the 27 female candidates won. After the election, the Amir accepted demands to reduce the number of electoral districts to five. A law to implement that change was adopted.
- *May 17, 2008, Election.* The disputes between the opposition and the government produced another crisis in March 2008 when the Assembly insisted on pay raises for state employees. The government refused, the cabinet resigned, and the Amir dissolved the Assembly and set new elections for May 17, 2008. Sunni Islamists and conservative tribal leaders won a total of 24 seats, an increase of 4, and their allies—the so-called “liberals”—won 7 seats. Shiites increased their representation by one, to a total of five seats. Pro-government and other independent tribalists held the remaining 14 seats. None of the 27 female candidates was elected.
- *May 16, 2009, Election.* The power struggle between the government and opposition deputies flared anew in March 2009 when the Assembly insisted on questioning the Prime Minister on his handling of the global financial crisis and

alleged misuse of public funds. On March 19, 2009, the Amir suspended the Assembly, triggering elections held on May 16, 2009. Turnout was relatively light at about 55% of the 385,000 eligible voters, and produced more than 20 new parliamentarians, including 4 women (the first women ever elected). In December 2009, Assembly members questioned the Prime Minister for corruption, marking the first time in the Gulf region that a head of government appeared before an elected body. On December 17, 2009, a vote of no confidence in the Prime Minister failed, and another such vote failed, but only narrowly, on January 5, 2011 (22 of the 50 Assembly deputies voted no confidence).²

Arab Uprisings Intensify Kuwait's Political Crisis

The Arab uprisings that began in early 2011 broadened Kuwait's opposition beyond the National Assembly and other elites. In late January 2011, opposition deputies, supported by youths calling themselves the "Fifth Fence," demanded the Interior Minister resign for failing to prevent the alleged torturing to death of a man in custody. He acceded to that demand in advance of a February 8, 2011, protest. In March 2011, a Shiite parliamentarian requested to "grill" the Foreign Minister about Kuwait's sending of naval forces to support Bahrain's government, a decision many Kuwaiti Shiites opposed. To head off the questioning, the cabinet resigned, and Prime Minister Nasser formed a new cabinet on May 8, 2011 (the seventh cabinet formed by Shaykh Nasser after he became Prime Minister).

The government came under renewed popular pressure in September 2011 following reports that two of Kuwait's largest banks had deposited \$92 million into the accounts of several parliamentarians—implying that the government had bought the loyalty of the parliamentarians. Thousands of Kuwait protesters took to the streets on September 21-23, 2011, to call for the resignation of the Prime Minister. Possibly as a direct response to the allegations, on September 25, 2011, the cabinet adopted an anti-corruption draft law.

2012-2013: Waves of Elections and Demonstrations

On November 16, 2011, oppositionists in and outside the Assembly, including the Fifth Fence, forced their way into the Assembly building and demanded Prime Minister Nasser's resignation. On November 28, 2011, he did so. The Amir subsequently appointed another royal family member, then-Defense Minister Shaykh Jabir al-Mubarak Al Sabah, as Prime Minister. He was sworn in, but without first naming a new cabinet, on December 4, 2011. Two days later, on December 6, 2011, he recommended—and Amir Sabah concurred—dissolution of the National Assembly and new elections. New Assembly elections were set for February 2, 2012 (within the constitutionally mandated 60 days).

- *February 2, 2012, Election.* In the run up to the vote, 20 opposition deputies announced they would compete as one "Opposition Bloc." Youth leaders announced they would back opposition deputies who would push for a fully elected government in which the prime minister is selected by the Assembly; legalization of political parties; and election law changes. As shown in **Table 1** below, those opposing the government, both liberal and Islamist, won at least 32

² "Kuwait's Prime Minister Survives Parliament Vote." *Al Jazeera TV*, January 5, 2011; Kristin Smith Diwan, "Kuwait: Too Much Politics, or Not Enough?," *Foreign Policy* online, January 10, 2011.

of the 50 seats. None of the 19 women who ran was elected. Turnout was about 62%. A leading opposition figure, Ahmad al-Sadun, a previous speaker (1985-1999), returned to that post, replacing the pro-government Jassim Al-Khurafi. After the election, Prime Minister Jabir was reappointed, but he refused opposition demands to appoint at least nine oppositionists as ministers (he appointed four such ministers). The Prime Minister was grilled by the Assembly on March 28, 2012, and, with the Assembly insisting on “grilling” the Interior Minister, on June 18, 2012, the Amir exercised his authority under Article 106 of the constitution to suspend the Assembly for one month. (The temporary suspension was renewable for another two months, with the concurrence of the Assembly.)

- *December 1, 2012 (Second Election in 2012), Triggered by Court Decision.* On June 20, 2012, Kuwait’s constitutional court ruled that the December 2011 Assembly suspension was not conducted in accordance with the constitution because a new cabinet had not been sworn in before the Amir’s suspension was ordered. The court reinstated the May 2009 Assembly, but the reinstated deputies did not convene. On October 8, 2012, after the constitutional court ruled against the government’s request to revise the number of election districts, the Amir disbanded the National Assembly and set new elections for December 1, 2012, simultaneously issuing a decree altering the election law to allow voters in each district to vote for only one candidate (rather than four per district). The opposition called the decree an effort to complicate opposition efforts to forge alliances in each district. On October 21, 2012, an unprecedented demonstration of an estimated 50,000-150,000 Kuwaitis was held; security forces injured some and arrested several parliamentarians and even some younger members of the Sabah family who were demonstrating. A demonstration on October 31, 2012, called for the freeing of outspoken oppositionist Musallam al-Barrak, a former parliamentarian who was arrested on October 15, 2012, for allegedly “insulting the Amir.” On November 2, 2012, the government announced it would enforce an October 2012 ban on gatherings of over 20 persons.

The government went forward with the December 1, 2012, vote, under the Amir’s revised election rules. Turnout was about 40%. Because the opposition boycotted the vote, the election produced an overwhelmingly “pro-government” Assembly on the strength of the seventeen pro-government Shiites elected—including five Islamist Shiites. The number of Shiites was double that in any prior Assembly. Three females were elected. Some Sunni Islamists were elected, but—with the exception of two in the Salafi grouping—they were generally not affiliated with Sunni Islamist political societies that have been in the Assembly for decades. On December 5, 2012, the Amir asked Prime Minister Shaykh Jabir Mubarak to form a new cabinet. The opposition continued demonstrating to try to force change on the Al Sabah.

- *July 27, 2013: Another Court-Triggered Election.* Even though the December 1, 2012, election took place, the Amir’s election decree remained under opposition legal challenge. On June 16, 2013, the Constitutional Court ruled that the Amir’s decree that each person would vote for only one candidate (reduced from four) was constitutional, but the court dissolved the Assembly on the basis of improper technicalities in the Amir’s election decree. The government subsequently set new elections (the sixth election in five years) for July 27, 2013.

A total of 418 candidates registered, of which eight were female. The turnout was just over half the electorate. Because some opposition societies, including those linked to the Muslim Brotherhood, boycotted, the vote produced a decidedly pro-government Assembly. The Muslim Brotherhood opposition was absent and only a few Salafi Islamists were elected. Pro-government deputies in the Assembly include a broad range of groups and reflected successful government outreach to the tribalists, and co-optation of many liberals. Shiite deputies number eight—close to the long-term average number in the Assembly. The National Assembly speaker is Marzuq al-Ghanim, the nephew of former speaker al-Khurafi.

A cabinet was named on August 4, 2013, with Shaykh Jabir continuing as Prime Minister. Among significant changes, Shaykh Khalid al-Hamad Al Sabah was promoted to first deputy prime minister and Minister of Foreign Affairs. A former head of domestic intelligence (National Security Bureau), Shaykh Mohammad Khalid Al Sabah, was made Minister of Interior. Lieutenant General Khalid Al Jarrah Al Sabah, formerly chief of staff of the Kuwaiti army, entered the government as Minister of Defense. The cabinet included two females (former elected Assembly deputy Rola Dashti as Minister of State for Planning and for National Assembly Affairs and Thikra al-Rashidi as Minister of Social Affairs and Labor). However, on January 7, 2014, possibly to garner support from Islamists in Kuwait, the Prime Minister reduced the number of females in the cabinet to one (Hind al-Sabih). He replaced a member of the ruling family as Finance Minister with Anas al-Salih, who is well known to the business community, and replaced the Minister of Oil with Ali al-Umair, a Salafist parliamentarian (one of two parliamentarians in the cabinet). He reduced the number of Shiite cabinet members to one—Yasser Abul as Minister of Housing. The reshuffle brought the total Islamists in the cabinet to four, from two—but all are from the Salafist faction and not the Muslim Brotherhood.

Since the election, there have been few major public demonstrations. Opposition demands remain confined to calls for a constitutional monarchy, in which the elected parliament selects the cabinet. However, the government has continued to arrest opposition activists who criticize the Amir on social media, as discussed below. Some unrest returned in June-July 2014 following a June 11, 2014, speech by opposition leader/former parliamentarian Musallam al-Barrak, mentioned above, alleging embezzlement by senior government officials. The speech drew thousands of opposition supporters. Barrak was arrested on July 2 for allegedly “insulting the judiciary,” sparking five days of rallies by pro-Barrak oppositionists demanding his release. Government security forces suppressed the demonstrations with tear gas. Barrak was released on bail on July 7, 2014.

Table I. Composition of the National Assembly: 2008–2013

Ideology/Affiliation	Post-2008 Election	Post-2009 Vote	Post-Feb. 2012 Vote	Post December 2012 Vote	Post July 2103 Vote
Sunni Islamist (Muslim Brotherhood and Salafi, including tribalists. generally opposes the government)	24	14	23	4	3 (all Salafi, no Muslim Brotherhood)
Liberals (generally opposition)	7	8	5	1	9
Popular Action Bloc (generally opposition)	0	2	4	0	0
Shiite (generally pro-government)	5	9	7	17	8
Sunni Independents (includes tribalists, pro-business deputies and women). Generally pro-government	14	17	11	28	30
Women (generally pro-government)	0	4	0	3	2
Included in categories above					

Source: CRS, based on articles and analysis from various observers.

Note: Some members of the National Assembly might span several different categories and several sources often disagree on precise categorizations of the members of the Assembly.

U.S. Responses and Implications for U.S. Interests

Despite the government’s use of security forces to end protests and its arrests of critics, there has been no evident alteration of the U.S.-Kuwait relationship. On October 23, 2012—following the large protest discussed above—the State Department said the United States “call[s] on all sides to exercise restraint,” and criticized the government’s ban on large public gatherings. The official statements following President Obama’s meeting with Amir Sabah at the White House on September 13, 2013, did not indicate that the political situation in Kuwait was discussed in depth.³

U.S. democracy programs in Kuwait continue. These programs, funded from the Middle East Partnership Initiative (MEPI) and other U.S. assistance accounts, included discussions with Kuwaiti leaders, public diplomacy, building civil society, enhancing the capabilities of independent Kuwaiti media, promoting women’s rights, and providing a broad spectrum of educational opportunities.

³ <http://www.whitehouse.gov/the-press-office/2013/09/13/remarks-president-obama-and-amir-sabah-al-sabah-kuwait-after-bilateral-m>.

Broader Human Rights Issues⁴

On broader human rights issues, the latest State Department Country Report on Human Rights Practices for 2013, released February 27, 2014, largely reiterated the criticisms of previous reports. It identifies the key human rights problems as limitations on citizens' rights to change their government, restrictions on freedom of speech and assembly, limitations on workers' rights, and trafficking in persons within the foreign worker population. There has been broad criticism of Kuwait's recent practice of revoking citizenship of perceived critics, as discussed below. In May 2011, Kuwait took over Syria's bid for a seat on the U.N. Human Rights Council.

Women's Rights

Women enjoy more rights and freedoms in Kuwait than in virtually any other GCC state, as exemplified by their running and winning election to the National Assembly and service at all levels of Kuwait's government. In September 2012, the Higher Judicial Council appointed seven women as public prosecutors. Women in Kuwait can drive, unlike their counterparts in neighboring Saudi Arabia, and many women own businesses. There are several nongovernmental organizations run by Kuwaiti women, such as the Kuwait Women's Cultural and Social Society, that are dedicated to improving rights for women and to agitating on several different issues unrelated to gender.

Still, Kuwait remains a traditional society and Islamists who want to limit women's rights have substantial influence. The law does not specifically prohibit domestic violence, although courts try such cases as assault. Kuwaiti women who marry non-Kuwaiti men cannot give their spouses or children Kuwaiti citizenship. Numerous international reports assert that violence, particularly against expatriate women working in domestic service roles, is frequent. Some expatriate women have also been subjected to nonpayment of wages and withholding of passports.⁵

Trafficking in Persons

Kuwait was, for the seventh year in a row, designated by the State Department's *Trafficking in Persons* report for 2014 (issued July 2014, cited earlier) in "Tier Three" (worst level). The designation has been maintained because, according to the 2014 report, Kuwait was "not making sufficient efforts" to comply with minimum standards for the elimination of trafficking. Kuwait adopted an anti-trafficking law in March 2013, but it has not demonstrated significant efforts to prosecute and convict trafficking offenders and there is no lead national anti-trafficking coordinating body.

Status of "Stateless Persons" (Bidoons)

Non-Gulf Arabs and Asians, and about 100,000-140,000 stateless residents (known as "bidoons"—the Arabic word for "without") continue to face discrimination. The government asserts that the bidoons deliberately destroyed evidence of another nationality in order to obtain

⁴ Much of this section is from the State Department's country report on human rights practices for 2013 (released February 27, 2014), <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>, and the Human Rights Watch World Report for 2014. Released January 2014.

⁵ Fahim, Kareem. "Away From Home, Fleeing Domestic Life." *New York Times*, August 2, 2010.

generous social benefits in Kuwait. Despite that suspicion, in October 2010 the government promised to implement a plan to resolve the legal and economic status of the bidoons. In March 2011, the government set up a “Central System for Remedying the Status of Illegal Residents,” with a mandate to resolve the status of the bidoons within five years. A separate decree approved provision of some government services and subsidies to bidoons.

During 2011-2014, the government has granted citizenship to several hundred bidoons each year. In March 2013, security forces used rubber bullets and tear gas to disperse bidoons demonstrating for greater rights. That demonstrating might have sparked one bill that was enacted by the National Assembly on March 20, 2013, giving about 4,000 “bidoons” (stateless residents, discussed below) citizenship. In November 2014, the government announced a plan to obtain for tens of thousands of bidoons “economic citizenship in the Union of the Comoros.” The bidoons would be allowed to remain physically in Kuwait, but would not get Kuwaiti citizenship; human rights groups called the plan far from an acceptable solution to the bidoon issue.

Freedom of Expression and Media Freedoms

Official press censorship ended in 1992, fostering the growth of a vibrant press, but successive State Department human rights reports have asserted that the government does not always respect the constitutional provisions for freedom of speech and the press. By law, newspaper publishers must be licensed by the Ministry of Information. And, the government has made increasing use of existing and new laws to act against opponents—including revoking their citizenship—who use newspapers and social media to criticize the government and mobilize demonstrations.

Kuwait’s penal code (Article 25) provides for up to five years in jail for “objecting to the rights and authorities of the Amir or faulting him”—wording that sometimes takes varying forms in charging documents and other official announcements. The Constitutional Court rejected a challenge to Article 25 in December 2013. In 2013, cases were brought against at least 29 Kuwaitis who allegedly criticized the Amir or the government on social media platforms. Five persons charged with “faulting the Amir” were acquitted in February 2013, but in July 2013 an appeals court overturned the conviction of three former Assembly deputies on that charge. The same court upheld a 20 month sentence of Sarra al-Darees for Twitter messages “tarnishing the Amir’s authority.” In mid-April 2013, Musallam al-Barrak, mentioned earlier, was sentenced to five years in prison for insulting the Amir, but his sentence was overturned in May 2013. In November 2013, a Kuwaiti court sentenced a Kuwaiti man to five years in prison for a Twitter comment about Sunni and Shiite theology.

The government also has sought to silence media that expose internal discussions among the royal family. On April 20, 2014, a judge ordered two newspapers (*Al Watan* and *Alam al Yawm*) closed for two weeks for disobeying a court-ordered news blackout on a videotape purporting to show former senior officials plotting to try to remove the Amir from office.⁶ In June 2014, the government ordered the same two papers to stop publishing for five days over the same issue.

Thus far in 2014, the government has revoked the citizenship of 33 people, all for criticizing the government on social media and through other media outlets. One whose citizenship was revoked is Ahmad Jabir al-Shammari, owner of *Alam al-Yawm* newspaper, discussed above, and a television station. Others whose citizenship have been revoked on similar grounds include an

⁶ “Kuwait Papers Closed for Violating ‘Plot’ Blackout.” BBC News, April 20, 2014.

Islamist former member of the National Assembly, Abdullah al-Barghash, and Saad al-Ajmi, an opposition spokesman.

Labor Rights

The law protects the right of workers to form and join unions, conduct legal strikes, and bargain collectively, but contains significant restrictions. The government allows one trade union per occupation, but the only legal trade federation is the Kuwait Trade Union Federation (KTUF). Foreign workers, with the exception of domestic workers, are allowed to join unions, and the government has tended not to impede strikes. On October 10, 2011, about 3,000 customs officers went on strike demanding higher wages and better working conditions; the action caused a temporary halt to Kuwaiti oil exports. On October 26, 2011, the government criticized the strikes as “tantamount to attacks on the state’s status, sovereignty, its interests, and its citizens,” and “cannot be tolerated.” In early 2012, strikes briefly grounded state-owned Kuwait Airways, and there have been occasional small strikes since.

Religious Freedom

The State Department religious freedom report for 2013 (released June 19, 2014), cited earlier, did not alter its assessment of the government’s respect for religious freedom from that of previous years. Shiite Muslims (about 30% of Kuwait’s population) continue to report official discrimination, including limited access to religious education and the perceived government unwillingness to permit the building of new Shiite mosques. Of Kuwait’s Shiite population, about half are Arab Shiites, some of whom are originally from the eastern provinces of Saudi Arabia, and half are of Persian origin. Unlike in Bahrain, Shiites are well represented in the police force and the military/security apparatus, although they generally are not offered leadership positions in those institutions. In 2012, the Kuwaiti ministry that oversees houses of worship began monitoring Shiite mourning houses known as *Husseiniyas*, but it also began providing state funds to Shiite mosques, as it does for Sunni mosques. In June 2012, the Amir refused to sign (vetoed) a National Assembly bill stipulating the death penalty for those who curse the major figures and symbols of Islam, including the Quran.

Kuwait has seven officially recognized Christian churches to serve the approximately 450,000 Christians (mostly foreign residents) in Kuwait. However, Islamists in the National Assembly have sometimes sought to prevent the building of new churches in Kuwait.⁷ Members of religions not sanctioned in the Quran—including about 400 Baha’i’s, 100,000 Buddhists, 600,000 Hindus, and 10,000 Sikhs—are mostly non-citizens working in Kuwait and have not been allowed to operate official places of worship. They have been permitted to worship in their homes. There are a few hundred Christians and some Baha’i’s among the citizenry.

U.S.-Kuwait Relations and Defense Cooperation

Kuwait was not strategically or politically close to the United States until the Iran-Iraq War (1980-1988), during which Kuwait, in part to secure itself from Iran, became a pivotal partner of

⁷ Middle East Media Research Institute. “In Kuwait, Public Debate Over Demand to Demolish Churches,” April 10, 2012.

the United States. Until then, the United States and Kuwait were not politically close. A U.S. consulate was opened in Kuwait in October 1951; it was elevated to an embassy upon Kuwait's independence from Britain in 1961. Kuwait was the first Gulf state to establish relations with the Soviet Union in the 1960s, perhaps reflecting the influence on Kuwaiti politics of many relatively left-wing figures who were attracted to the ideologies of Gamal Abd al-Nasser of Egypt and his patron, the Soviet Union. The U.S. Ambassador to Kuwait is Douglas Silliman.

Iran-Iraq War. During the Iran-Iraq War, Iran had sought to compel Kuwait to end its financial and logistical support for Iraq by striking with Silkworm missiles some Kuwaiti oil facilities, including the Al Ahmadi terminal. In 1987-1988, the United States established a U.S. naval escort and tanker reflagging program to protect Kuwaiti and international shipping from Iranian naval attacks (Operation Earnest Will). As part of the skirmishes between the United States and Iran in the course of that operation, Iran attacked a Kuwaiti oil installation (Sea Island terminal). Subsequent to the Iran-Iraq War, Kuwait's defense cooperation with the United States focused almost entirely on Iraq.

Operation Desert Storm. Asserting that Saddam Hussein would reward Kuwait for assisting Iraq during the Iran-Iraq War, Kuwait's leaders were shaken by the August 2, 1990, Iraqi invasion. Iraq asserted that it needed to invade because Kuwait was overproducing oil and thereby harming Iraq's ability to repay its debts and recover economically from the war with Iran. However, most experts believe that the invasion was a result of Saddam's intent to dominate the Persian Gulf. Iraq's occupation lasted until U.S.-led coalition forces of nearly 500,000 expelled Iraqi forces from Kuwait in "Operation Desert Storm" (January 16, 1991-February 28, 1991). Kuwait's leaders, who spent the occupation period in Saudi Arabia, were restored to power. Kuwait contributed financially to the 1991 war—it paid \$16.059 billion to offset the U.S. incremental costs of Desert Shield/Desert Storm.

Operation Iraqi Freedom (OIF). Because Saddam Hussein had invaded Kuwait, Kuwait enthusiastically supported the George W. Bush Administration's decision to militarily overthrow Saddam Hussein (Operation Iraqi Freedom [OIF]). It hosted the vast bulk of the U.S. invasion force of about 250,000 forces, as well as the other coalition troops that entered Iraq in March 2003. To secure that force, Kuwait closed off its entire northern half for weeks before the invasion. It also allowed U.S. use of two air bases, its international airport, and sea ports; and provided \$266 million in burden sharing support to the combat, including base support, personnel support, and supplies such as food and fuel.

Iraq Containment Operations During the 1990s. After the 1991 war, U.S. forces used Kuwaiti facilities to conduct containment operations, including the 1992-2003 enforcement of a "no fly zone" over southern Iraq (Operation Southern Watch). This operation involved 1,000 U.S. Air Force personnel in Kuwait, mostly at Kuwait air bases. As a deterrent to Iraq, the United States prepositioned armor in Kuwait under the 1991 Defense Cooperation Agreement (DCA) discussed below, and there were generally about 4,000 or more U.S. troops stationed in Kuwait at any given time during the 1990s. Kuwait contributed about \$200 million per year for U.S. military costs of these containment operations, according to U.S. observers.⁸ Kuwait also funded two-thirds of the \$51 million per year U.N. budget for the 1991-2003 Iraq-Kuwait Observer Mission (UNIKOM) that monitored the Iraq-Kuwait border. About 5,000 U.S. forces that participated in the major

⁸ Author conversation with U.S. military official in the Kuwait. February 2014.

combat phases of Operation Enduring Freedom, which ousted the Taliban in Afghanistan, transited through Kuwait.

Post-Saddam Iraq. Since Saddam was overthrown by OIF in April 2003, Kuwait has tried to build political ties to all Iraqi factions in order to ensure there is no repeat of the 1990 Iraqi invasion of Kuwait or any Iraqi Shiite-led violence such as that which occurred in the 1980s. On July 18, 2008, Kuwait named its first ambassador to Iraq since the 1990 Iraqi invasion—Ali al Momen, a retired general and a Shiite Muslim. On January 12, 2011, then Prime Minister Nasser became the first Kuwait Prime Minister to visit Iraq since the Iraqi invasion. That visit occurred a few days after Iraqi Prime Minister Nuri al-Maliki said that Iraq’s former ambitions against Kuwait “have gone forever and will never return again.”⁹ Maliki made his first visit to Kuwait on February 16, 2011. A March 15, 2012, Maliki visit to Kuwait paved the way for Amir Sabah’s attendance at the March 27-29, 2012, Arab League summit in Baghdad—an event Iraq considered crucial to its efforts to return to the Arab fold after decades of isolation. Yet, in 2011, lingering Kuwait-Iraq suspicions briefly resurfaced when Iraqi parliamentarians called on Kuwait to suspend construction for its Mubarak the Great port because it would impinge on Iraq’s attempts to expand its access to the Persian Gulf at the tip of the Faw peninsula and alleged that Kuwait was slant drilling in the area and therefore stealing oil from Iraq.

Kuwait also took a number of major steps: it built a water line into Iraq, and it ran a humanitarian operation center (HOC) that gave over \$550 million in assistance to Iraqis from 2003-2011. A Kuwaiti company, First Kuwaiti General Trading and Contracting, was lead contractor on the large U.S. embassy in Iraq that opened in January 2009. On April 22, 2008, Kuwait hosted a regional conference on Iraq’s stability, which included the United States, Iran, and other neighboring countries.

According to Defense Department budget documents, Kuwait contributed about \$210 million per year in similar in-kind support to help defray the costs incurred by the U.S. military personnel that rotated through Kuwait into or out of Iraq for operations in Iraq during 2003-2011. In FY2012, Kuwait contributed \$350 million for these purposes, as stipulated in the FY2012 Consolidated Appropriation (P.L. 112-74). During 2003-2011, there was an average of 25,000 U.S. troops based in Kuwaiti facilities, not including those rotating into Iraq at a given time.

U.S.-Kuwait Defense Cooperation Agreement (DCA) and Ongoing Defense Cooperation

The cornerstone of the U.S.-Kuwait defense relationship remains a broad 10-year Defense Cooperation Agreement (DCA) signed seven months after Iraq’s defeat in the 1991 Persian Gulf war. The pact was signed on September 19, 1991, for an initial 10-year period, but remains in effect.¹⁰ Although the text is classified, the pact reportedly provides for mutual discussions in the event of a crisis; joint military exercises; U.S. evaluation of, advice to, and training of Kuwaiti forces; U.S. arms sales; prepositioning of U.S. military equipment; and U.S. access to a range of Kuwaiti facilities.

⁹ “No Claim on Sovereign Kuwait, Iraqi Ambitions Gone Forever.” *Arab Times* (Kuwait). January 9, 2011.

¹⁰ <http://www.whitehouse.gov/the-press-office/2013/09/13/remarks-president-obama-and-amir-sabah-al-sabah-kuwait-after-bilateral-m>.

These facilities used by the United States military under the DCA reportedly include Ali al-Salem Air Base; Shaykh Jabir Air Base; the main U.S. headquarters in Kuwait at Camp Arifjan (40 miles south of Kuwait City); a desert training base and firing range called Camp Buehring, far out in the desert, near the border with Saudi Arabia; and a naval facility called Camp Patriot.¹¹ Under the DCA, enough U.S. armor to outfit at least one brigade is pre-positioned in at Camp Arifjan; the equipment pre-positioned there was used for the 2003 invasion of Iraq and returned after the U.S. mission in Iraq ended. (U.S. forces vacated Camp Doha, the headquarters for U.S. forces in Kuwait during the 1990s and former site for pre-positioned tanks, in December 2005.) The DCA includes a Status of Forces Agreement (SOFA) that provides that U.S. forces in Kuwait be subject to U.S. rather than Kuwaiti law—a common feature of such arrangements.

Kuwaiti facilities have hosted U.S. operations in the region, but Kuwait did not contribute any of its own forces to the U.S.-led stabilization operations in post-Taliban Afghanistan or in post-Saddam Iraq itself.

Cooperation Post-U.S. Withdrawal from Iraq in 2011

Kuwait served as the key exit route for U.S. troops as they withdrew from Iraq. The United States and Iraq had discussed retaining 3,000-15,000 U.S. troops in Iraq beyond 2011 to continue training Iraqi forces. However, Iraq and the United States were unable to agree on a legal status framework for retaining U.S. troops, and the last U.S. troops left Iraq on December 18, 2011.

There reportedly was discussion within the Administration that, because no U.S. troops were remaining in Iraq after 2011, the United States might build up forces in Kuwait to potentially be able to intervene in Iraq or to confront Iran.¹² However, following the withdrawal the numbers of U.S. forces in Kuwait were not increased substantially, although the mix of forces did change. Then Defense Secretary Leon Panetta noted, in a trip to Kuwait in December 2012, that there were about 13,500 U.S. troops in Kuwait,¹³ and U.S. force levels in Kuwait have remained at that level since. This U.S. force level is higher than that positioned in Kuwait during the 1990s but lower than the 25,000 there for the 2003-2011 period of U.S. military involvement in Iraq. It also constitutes more than a third of the 35,000 U.S. forces in the Gulf. The forces stationed in Kuwait include some combat troops, not purely support forces, as was the case prior to 2011.¹⁴

Hosting Coalition Operations Against the Islamic State Organization

Kuwaiti leaders assert that the Islamist extremist organization that calls itself the Islamic State represents a threat to regional stability. The organization has posed a threat to the government and territorial integrity of Iraq, with which Kuwait has taken significant steps to put aside the legacy of the Iraqi invasion of Kuwait in 1990 and build close relations. At a meeting between the United States and the GCC countries in Jeddah, Saudi Arabia, on September 11, 2014, Kuwait formally

¹¹ Hajjar, Sami. *U.S. Military Presence in the Gulf: Challenges and Prospects*. U.S. Army War College, Strategic Studies Institute. p. 27.

¹² http://www.worldtribune.com/worldtribune/WTARC/2011/me_iraq1201_09_26.asp; Thom Shanker and Steven Lee Myers. "U.S. Is Planning Buildup in Gulf After Iraq Exit." *New York Times*, October 30, 2011; Pauline Jelinek, "Kuwait, U.S. Still Talking About Troop Plan." *Associated Press*, November 7, 2011.

¹³ Thom Shanker. "In Kuwait, Panetta Affirms U.S. Commitment to Middle East." *New York Times*, December 11, 2012.

¹⁴ Michelle Tan. "15,000 in Kuwait, At Least For Now." *Army Times*, January 16, 2012.

joined the U.S.-led coalition against the Islamic State. Four Gulf states—Saudi Arabia, Bahrain, UAE, and Qatar—have flown air strike or air support missions against Islamic State forces in Syria. Kuwait has not militarily participated in anti-Islamic State operations in either Iraq or in Syria. However, it has placed its military facilities at the disposal of the United States and several coalition partners flying strikes against the Islamic State in Iraq. Kuwait hosts the headquarters of “ARCENT”—the U.S. Army component of U.S. Central Command. Its commander, Lieutenant General James Terry, is overall U.S. commander of Operation Inherent Resolve that seeks to degrade and ultimately defeat the Islamic State. Kuwait also has allowed Canada and Italy to base reconnaissance and combat aircraft in Kuwait for their participation in Operation Inherent Resolve.¹⁵

Aside from hosting coalition forces fighting the Islamic State, Kuwait has been at the forefront, among the Gulf states, in attempting to help the civilian victims of the conflicts in Syria and Iraq. Kuwait has hosted two major donors’ conferences (January 30, 2013, and January 15, 2014) at which Kuwait has pledged a total of \$600 million in humanitarian aid (\$300 million at each conference). The Kuwaiti donations were composed overwhelmingly of donations to nine U.N. agencies and to the International Committee of the Red Cross (ICRC). Of the Kuwaiti government’s pledges, about \$70 million was channeled through Kuwaiti agencies such as the Kuwait Fund for Arab Economic Development and the Kuwait Red Crescent Society. Kuwait’s Foreign Minister said on January 18 that Kuwait will host another donor conference on this same issue, but no date was announced.

Kuwait’s Defense Cooperation with GCC Allies

Kuwait is also cooperating with U.S. efforts to improve the defense capabilities of the GCC as a whole. As noted below, Kuwait has purchased missile defense equipment that supports U.S. efforts to forge a joint GCC missile defense network for the Gulf. Kuwaiti naval forces participate in U.S.-led mine clearing exercises in the Persian Gulf—exercises apparently intended to signal to Iran the strength of a U.S.-led coalition to contain Iran.

At the GCC summit in Kuwait during December 10-11, 2013, Kuwait and the other GCC states announced intent to form a GCC joint military command. The decision reportedly reflected a view among some of the GCC leaders that the Obama Administration might be reluctant to use force or threaten force in the event of another crisis in the Gulf. Those apparent concerns have been reflected in an April 2014 GCC decision to recruit additional manpower from Jordan and Morocco, and a separate Kuwaiti decision in April 2014 to set up an office in Pakistan to recruit Pakistani trainers for Kuwait soldiers.¹⁶

Still, the GCC decision on joint military command was consistent with Obama Administration efforts to augment Gulf security by forging greater coordination and interoperability of equipment among the GCC states. That U.S. policy was supported by December 16, 2013, Presidential Determination authorizing U.S. defense sales to the GCC as a whole.

Possibly signaling that Kuwait wants to be fully integrated into long-term security structures, including with other U.S. partners, it was reported in December 2011 that NATO discussed with

¹⁵ “Kuwait Plays Uneasy Host as Canadian Jets Join Anti-ISIS Campaign.” Canada Television News, October 29, 2014.

¹⁶ Middle East Media Research Institute. April 22, 2014.

Kuwait opening a center in Kuwait City as part of the “Istanbul Cooperation Initiative (ICI)” initiated in 2004. Kuwait joined the ICI in December 2004. The NATO center in Kuwait did not open, in part because the ICI has languished as NATO member states face significant financial constraints.

U.S. Security Assistance

The United States continues to bolster Kuwait’s defense capabilities to promote interoperability with U.S. forces should a regional contingency arise. U.S. officials say that the U.S.-Kuwait defense relationship, enhanced in recent years by small amounts of U.S. assistance shown in **Table 2** below, has improved the quality of the Kuwaiti military, particularly the Air Force. Kuwait receives very small amounts of U.S. assistance, if any, because of its ability to fund its own security requirements. Kuwait has been mainly a donor to U.S. operations rather than a recipient of U.S. funds. As a result of Kuwaiti recruitment efforts, its military has now nearly regained its pre-Iraq invasion strength of 17,000. In 2008, U.S. Central Command (CENTCOM) established in Kuwait a permanent platform for “full spectrum operations” in 27 countries in the region—among its objectives has been to help Kuwait establish a more capable navy.

Recognizing Kuwait’s consistent and multi-faceted cooperation with the United States, on April 1, 2004, the Bush Administration designated Kuwait as a “major non-NATO ally (MNNA),” a designation held by only one other Gulf state (Bahrain). The designation opens Kuwait to buy the same U.S. equipment that is sold to U.S. allies in NATO.

Major U.S. Arms Sales to Kuwait

U.S. arms sales have sought to enhance Kuwait’s capability. U.S. sales to Kuwait are intended to comport with the overall goals of the “Gulf Security Dialogue” program designed to contain Iran by enhancing the individual and joint capabilities of the Gulf states. Kuwait is not eligible to receive U.S. excess defense articles. Major post-1991 Foreign Military Sales (FMS) include:

- *Patriot Missile Defense System*: In 1992, Kuwait bought five Patriot anti-missile fire units, including 25 launchers and 210 Patriot missiles, valued at about \$800 million. Delivery was completed by 1998. Some of them were used to intercept Iraqi short-range missiles launched at Kuwait in the 2003 war. In 2007, Kuwait also bought 80 PAC-3 (Patriot) missiles and 60 PAC-2 missiles and upgrades, valued at about \$1.3 billion. In August 2010, the Administration notified Congress of the potential sale to Kuwait of 209 Patriot “Guidance Enhanced Missile-T” (GEM-T) missiles valued at \$900 million. The prime contractor for that system is Raytheon. On July 20, 2012, the Administration notified a potential sale of 60 Patriot Advanced Capability (“PAC-3”) missiles and 20 Patriot launching stations, plus associated equipment. The total value of the sale could reach \$4.2 billion. On December 31, 2013, DOD said Lockheed Martin would deliver 14 of the missiles and seven launcher modification kits by June 30, 2016. Kuwait has not announced whether it might buy the more sophisticated missile defense system called the Theater High Altitude Air Defense (THAAD) system that the United States has sold to UAE and Qatar.
- *Combat Aircraft*. The core of Kuwait’s fleet of combat aircraft are 40 FA-18 combat aircraft Kuwait bought in 1992. On December 4, 2013, DSCA notified a possible sale to Kuwait of technical support to its U.S.-made F-18s for an

estimated cost of about \$150 million. Kuwait is said to be considering adding more FA-18 aircraft, although it is evaluating and might instead order the Rafale or the Typhoon. The latter two combat aircraft are made by European manufacturers.

- *Tanks.* In 1993, Kuwait bought 218 M1A2 tanks at a value of \$1.9 billion. Delivery was completed in 1998.
- *Apache Helicopters.* In September 2002, Kuwait ordered 16 AH-64 (Apache) helicopters equipped with the Longbow fire-control system, valued at about \$940 million.
- *Air-to-Air Missiles.* In 2008, Kuwait bought 120 AIM-120C-7 Advanced Medium Range Air-to-Air Missiles (AMRAAM), along with equipment and services, with a total value of \$178 million. On February 27, 2012, the Administration notified Congress of a potential sale of 80 AIM-9X-2 SIDEWINDER missiles, and associated parts and support, with an estimated value of \$105 million. The sale, if completed, would help Kuwait modernize its fighter aircraft and enhance interoperability with U.S. aircraft.
- DSCA announced on June 30, 2014, that the U.S. Army Corps of Engineers would build a Kuwait Armed Forces Hospital in Kuwait at a cost to Kuwait of \$1.7 billion.

International Military Education and Training (IMET)

As noted in **Table 2** below, in recent years Kuwait has received very small amounts of funding under the International Military Education and Training (IMET) program. That funding has been provided primarily to qualify Kuwait for a discount in the rate it pays for Kuwait-funded trainees to participate in U.S. programs. Kuwaiti military students in the United States study intelligence, pilot training, and other disciplines. In FY2010, Kuwait spent about \$9.7 million to provide such education for 216 Kuwaiti military students. There has been no U.S. assistance to Kuwait since.

Table 2. U.S. Aid to Kuwait and Purposes

(dollars in thousands)

	FY06	FY07	FY08	FY09	FY10
International Military Training and Education (IMET).	-	19	14	0	10
Non-Proliferation, Anti-Terrorism, De-Mining and Related (NADR).	628	1,025	0	0	0

Other Foreign Policy Issues

After the United States, Kuwait's most important alliance is with the Gulf Cooperation Council (GCC), which also consists of fellow Gulf monarchies Saudi Arabia, UAE, Qatar, Bahrain and Oman. In May 2012, Saudi Arabia proposed a close political union among the GCC states—a

proposal opposed by several GCC states, including Kuwait, and not adopted. Kuwait has a much longer and more extensive experience with elections and parliamentary process than does Saudi Arabia or the other GCC states, and most Kuwaitis are perceived as fearful of jeopardizing their political tradition. The issue was discussed again at the annual GCC summit on December 10-11, 2013, in Kuwait, but incurred continued Kuwait and other GCC opposition. Kuwait hosted a summit of Afro-Arab countries in November 2013 and hosted an Arab League summit meeting in March 2014.

Residual Bilateral Issues With Iraq

Some residual issues from the 1990 Iraqi invasion are not completely resolved, although that lack of full resolution has not stood in the way of deepening relations between Kuwait and the Iraqi government. In August 2012, the Iraqi government said “Iraq will end all pending issues with Kuwait before the start of [2013].” The Iraqi statement appeared to be an Iraqi effort to garner support for the U.N. Security Council to remove any remaining “Chapter 7” (of the U.N. Charter) mandates on Iraq stemming from the 1990 invasion. Kuwait’s Prime Minister Jaber visited Iraq on June 12, 2013, and reached agreement on taking some of the bilateral issues involving missing Kuwaitis and Kuwaiti property out of the Chapter 7 supervision of the United Nations and replacing them with alternative mechanisms, as discussed below.

Reparations Payments Continue. Kuwait has not dropped its insistence on full U.N.-supervised reparations by Iraq for damages caused from the 1990 invasion. Iraq wants the reparations issue closed out to cease the deduction of 5% of all its revenue that is used to pay compensation to the victims of the Iraqi invasion of Kuwait. The U.N. Compensation Commission (UNCC) created by the post-Desert Storm U.N. resolutions, will have paid out about \$52 billion awarded to over 100 governments and 1.5 million individual claimants by the time it ends in April 2015. As of October 2014, the process had paid \$48 billion of that amount, leaving only about \$4 billion remaining to be paid. On December 15, 2010, the U.N. Security Council passed three resolutions—1956, 1957, and 1958—that ended Saddam-era sanctions against Iraq, but the resolutions did not fully end the “Chapter 7” U.N. mandate on Iraq and continued the 5% automatic revenue deductions.

Missing Kuwaitis and Kuwaiti National Archives. The U.N. resolutions adopted December 15, 2010, also continued the effort, required under post-1991 war U.N. resolutions (most notably 687), to resolve the fate of the 605 Kuwaitis and third party nationals missing and presumed dead from the 1991 war, as well as that of the missing Kuwaiti national archives. A special U.N. envoy, Gennady Tarasov, was U.N. High-Level Coordinator for these issues. In September 2011 and in June 2012, Iraq called for an end to the mandate of Tarasov and for Iraq and Kuwait to pursue the issue bilaterally. Tarasov retired on December 31, 2012, and the U.N. Secretary General appointed Victor Poliakov to assume Tarasov’s duties. The June 16, 2013, visit of the Kuwaiti Prime Minister to Iraq—which followed progress on border demarcations issues discussed below—resulted in an Iraq-Kuwait joint recommendation to remove these issues of missing property and persons from the Chapter 7 U.N. mandate, a recommendation that was endorsed in the U.N. Secretary General’s report of June 17, 2013. U.N. Security Council Resolution 2107 of June 27, 2013, formally abolished the High-Level Coordinator mandate and transferred the continuing supervision of these issues to the U.N. Assistance Mission—Iraq (UNAMI)—under Chapter VI of the U.N. Charter (which does not carry enforcement mechanisms as those adopted under Chapter VII).

The search process has resulted in finding the remains of 236 Kuwaitis. The cases of 369 Kuwaitis remain unresolved. In 2010, Kuwait made a \$1 million grant to the Iraqi Ministry of

Human Rights, which is the lead Iraqi agency trying to determine the fate of the Kuwaitis. A Tripartite Commission on the issue (Kuwait, Iraq, International Committee of the Red Cross) met on May 18, 2011, for the first time in many years. To date, more than 10,000 trenches have been dug to search for remains and jailed members of the Saddam regime have been interviewed. However, the December 14, 2012, and June 17, 2013, U.N. reports on these issues said no progress has been made recently, although some excavations were undertaken in Iraq in 2013.

As far as the Kuwaiti National Archives, U.N. reports on December 14, 2012, and June 17, 2013, say there has been no progress locating the archives. However, Annex I to the June 17, 2013, report (U.N. document S/2013/357) contains a list of all the Kuwaiti property returned to Kuwait by Iraq since 2002. In June 2012, Iraq returned to Kuwait numerous boxes of recovered tapes from Kuwait's state radio, books belonging to Kuwait University, and keys to Kuwait's Central Bank.

Kuwait-Iraq Border. Disputes over the Iraq-Kuwait border have also been mostly resolved. Under post-1991 Gulf War U.N. Security Council Resolution 833, the Council accepted the U.N.-demarcated border between them. Kuwait has sought that the post-Saddam government in Iraq formally acknowledge its commitments under the resolution to pay some of the costs of border markings and signs. In July 2010, Kuwait gave preliminary approval to open a special border crossing into Iraq that would facilitate the work of international oil companies working in Iraq. And, as a consequence of the March 15, 2012, Maliki visit to Kuwait, Iraq agreed to pay its portion of the costs of maintaining the border markings and the issue of the sea border markings and related issues was resolved in early 2013.

Other Outstanding Bilateral Disputes/Iraqi Airways. In 2004, Kuwait reportedly pledged to forgive a substantial portion of the \$25 billion Saddam era debt, but it has not written off the debt to date. Another major dispute concerned Kuwait Airways' lawsuits alleging that Iraq owed Kuwait \$1.2 billion for planes and parts stolen during the Iraqi invasion; the actions led to the long-term impoundment of Iraqi Airways jets. The March 15, 2012, Maliki visit resolved the issue with agreement for Iraq to pay Kuwait \$300 million in compensation, and to invest \$200 million in an Iraq-Kuwait joint venture to form a small new airline. Subsequent to the visit, Iraq-Kuwait direct flights resumed. In November 2013, Kuwait's national airline, Kuwait Airways, made its first flight to Iraq (Najaf) since the 1990 Iraqi invasion.

Remaining Threat from Iraqi Extremist Groups. Kuwaiti leaders say they remain wary of pro-Iranian Shiite extremist groups still operating in southern Iraq and in Baghdad. The December 1983 bombings of the U.S. and French embassies in Kuwait and an attempted assassination of the Amir in May 1985 were attributed to the Iran-inspired Iraqi Da'wa (Islamic Call) Party, composed of Shiites. Seventeen Da'wa activists were arrested for those attacks, and Da'wa activists hijacked a Kuwait Airlines plane in 1987. Da'wa is the party that Maliki and current Iraqi Prime Minister Haydar Al Abbadi head, although the party no longer has a militia wing.

In July 2011, the Iran-supported militia of Shiite cleric Moqtada Al Sadr rocketed Kuwait's embassy in Iraq and caused Kuwait to temporarily bring its diplomats back to Kuwait. Also that month, another Iraqi Shiite militia, Khata'ib Hezbollah, threatened to attack workers building the Mubarak the Great port (named after a past ruler) on Bubiyan Island.

Iran

After the 1990 Iraqi invasion, Kuwait supported Iran as a counterweight to Saddam Hussein. Kuwait often hosted pro-Iranian Iraqi Shiite oppositionists against Saddam, even though these same Shiite groups had conducted attacks in Kuwait in the 1980s. Since Saddam's fall, Kuwait has relied on its alliance with the United States to defend against any Iranian threat to Kuwait. However, Iran appears to be able to infiltrate agents into Kuwait. In May 2010, Kuwait arrested some Kuwaiti civil servants and stateless residents for allegedly working on behalf of the Qods Force of the Islamic Revolutionary Guard Corps (IRGC-QF) of Iran—the IRGC unit that supports pro-Iranian movements and conducts espionage in neighboring and other foreign countries—in a plot to blow up Kuwaiti energy facilities.¹⁷ In March 2011, a Kuwait court sentenced two Iranians and a Kuwaiti to death in the alleged plot. The sentences were later commuted to life in prison on May 28, 2012. Kuwait expelled three Iranian diplomats, and Iran expelled three Kuwaiti diplomats in response to the alleged plot. In November 2011, Iran arrested several individuals in Iran who it alleged were “Kuwaiti spies.”

Kuwait also has cooperated with the growing global consensus to sanction Iran. This cooperation has come despite the comments by the Amir in November 2009 endorsing Iran's right to purely peaceful nuclear energy. In July 2010, a U.S. law, P.L. 111-195 (the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010), was enacted that would penalize firms that supply gasoline to Iran. One Kuwaiti gasoline trading firm, Kuwait's Independent Petroleum Group, was reported to be a supplier of gasoline to Iran,¹⁸ although it says it stopped doing so as of September 2010.

At the same time, Kuwait has sought to engage Iran at times when Iran tries to allay GCC suspicions. Like the other Gulf states, Kuwait hosted visiting Iranian officials following the November 2013 interim nuclear agreement between Iran and the six negotiating powers. Amir Sabah went somewhat further than the other GCC leaders in welcoming the apparent changed Iranian approach by visiting Iran during June 1-2, 2014. His visit included a meeting with Iran's Supreme Leader, Ayatollah Ali Khamene'i, as well as elected President Hassan Rouhani.

Arab-Israeli Dispute

For many years after the Iraqi invasion, the positions taken by countries and factions on how to deal with the Iraqi invasion determined Kuwait's foreign relations. Kuwait was more critical than were the other Gulf states of the late Palestinian leader Yasir Arafat because he had opposed war to liberate Kuwait from Iraq. Kuwait expelled about 450,000 Palestinian workers after liberation, viewing them as disloyal. Kuwait subsequently maintained ties and gave financial support to Arafat's Palestinian antagonist, Hamas. Kuwait's relations with Jordan were strained for many years because of then leader King Hussein's opposition to a U.S.-led war to expel Iraqi forces from Kuwait.

In part because of Kuwait's past antagonism to the mainstream Palestine Liberation Organization (PLO) that still largely leads the Palestinian Authority (PA), Kuwait has not been a major

¹⁷ “Iran Spy Cell Dismantled in Kuwait.” Associated Press, May 6, 2010; “Iran Cell Planned Attacks in Kuwait, Minister Says. *Reuters*, April 21, 2011.

¹⁸ http://www.defenddemocracy.org/index.php?option=com_content&task=view&id=11788115&Itemid=105.

mediator in intra-Palestinian disputes. Nor has it publicly advanced its own proposals for resolving the Israeli-Palestinian dispute. In line with the positions of the other GCC and Arab states, Kuwait supports U.N. recognition of the State of Palestine, requested formally by PA President Mahmoud Abbas at the U.N. General Assembly meetings in September 2011.

During the period of active Gulf-Israel negotiations (1992-1997), Kuwait attended multilateral working group peace talks with Israel—sessions on arms control, water resources, refugees, and other issues that were begun as part of the “Oslo Accords” process between Israel and the Palestinians. However, Kuwait did not host any sessions of the multilaterals. In 1994, Kuwait was key in persuading the other Gulf monarchies to cease enforcement of the secondary (trade with firms that deal with Israel) and tertiary (trade with firms that do business with blacklisted firms) Arab boycotts of Israel. However, Kuwait did not, as did Qatar and Oman, subsequently exchange trade offices with Israel and therefore Kuwait retained the “primary Arab boycott” (on direct trade with Israel). On the other hand, potentially signaling that Kuwait might join other GCC states such as UAE in cultivating private ties to Israel, Kuwait’s Foreign Minister visited the Old City of Jerusalem in September 2014. The Kuwaiti government denied it represented a trip to Israel, stating that the Old City is a part of Palestine that is occupied. The visit required at least the tacit cooperation of Israeli authorities. Other press reports indicate that Kuwait Airways might organize visits by Kuwaiti tourists to Jerusalem.

Actions on 2011 Uprisings and Instability in the Region

Kuwait has generally acted in concert with—although not always as assertively as—other GCC states on regional issues such as those that have stemmed from post-2011 unrest in the region.

Bahrain. Of all the countries affected by “Arab spring” uprisings, Kuwait has the most direct stake in the outcome in Bahrain, a GCC ally. Kuwait sent a naval unit to support the March 14, 2011, intervention of the GCC’s “Peninsula Shield” unit to assist Bahraini security forces. The nearly 2,000 GCC ground forces that entered Bahrain were Saudi troops and UAE police. The Kuwaiti naval unit departed Bahraini waters in July 2011 following the end of the state of emergency there. The United States criticized the GCC force deployment. Kuwait’s involvement came despite opposition from Kuwaiti Shiites, who have sympathized with Bahrain’s Shiites.

Libya. Kuwait supported the Arab League position in favor of U.N.-mandated intervention to protect civilians but, initially, it stopped short of recognizing the Transitional National Council (TNC) as the legitimate representative of the Libyan people. Kuwait did not contribute any air or other forces to the NATO coalition that conducted strikes in support of anti-Qadhafi rebels. It recognized the TNC as the sole legitimate representative after the fall of Tripoli in August 2011. Unlike the UAE and Qatar, Kuwait has not intervened militarily or politically in Libya since.

Yemen. Kuwait joined its GCC allies in developing and implementing a plan for a peaceful transition of power in Yemen. That effort bore fruit with the departure of President Ali Abdullah Saleh in January 2012 and the subsequent presidential elections in March 2012. However, Saleh’s successor Abdu Rabbu Mansour Al Hadi resigned in January 2015 under pressure from Zaydi Shiite Houthi rebels who took over much of the capital, Sanaa, leaving the country largely without effective governance.

Syria. Like the other Gulf states, Kuwait asserts that Syrian President Bashar Al Asad’s policies have built support for the Islamic State, and that the organization cannot be defeated with Asad still in power. However, Kuwaiti officials say the government has not provided government funds

to any armed rebel groups fighting in Syria. As did the other Gulf states, Kuwait closed its embassy in Damascus in 2012, but in December 2014 it allowed Syria to reopen its embassy in Kuwait to perform consular services for the approximately 140,000 Syrians living and working in Kuwait.¹⁹ Kuwaiti diplomats insisted the reopening did not represent a change of Kuwait's policy on Asad. As noted above, Kuwait is hosting coalition air operations against Islamic State forces in Syria.

Kuwait has been at the forefront, among the Gulf states, in attempting to help the civilian victims of the conflicts in Syria and Iraq. Kuwait has hosted two major donors' conferences (January 30, 2013, and January 15, 2014) at which Kuwait has pledged a total of \$600 million in humanitarian aid (\$300 million at each conference). The Kuwaiti donations were composed overwhelmingly of donations to nine U.N. agencies and to the International Committee of the Red Cross (ICRC). Of the Kuwaiti government's pledges, about \$70 million was channeled through Kuwaiti agencies such as the Kuwait Fund for Arab Economic Development and the Kuwait Red Crescent Society. Kuwait's Foreign Minister said on January 18, 2015, that Kuwait will host another donor conference on this same issue, but no date was announced.

Egypt. Kuwait has adopted a position on Egypt similar to that of Saudi Arabia and UAE, but at odds with Qatar. Qatar was the major Gulf financial benefactor of Egypt during the presidency of Muslim Brotherhood senior figure Mohammad Morsi. Kuwait, Saudi Arabia, and the UAE assert that the Brotherhood in Egypt supports Muslim Brotherhood oppositionists in the Gulf states, including Kuwait. After Morsi was deposed by the Egyptian military on July 3, 2013, Kuwait contributed \$2 billion in loans and oil grants²⁰ to a Saudi-brokered \$12 billion financial package to assist the beleaguered Egyptian economy. Kuwaiti leaders also have criticized U.S. cuts in aid to Egypt since the Morsi ouster, as reportedly discussed during the September 2013 White House meeting between the Amir and President Obama. However, Kuwait did not join Saudi Arabia, Bahrain, and UAE in withdrawing their ambassadors from Qatar over the Egypt/Muslim Brotherhood dispute. The rift was resolved in November 2014 when Qatar signed an agreement to increase cooperation with the other GCC states on foreign policy issues and the three GCC states returned their ambassadors to Doha.

Kuwait has also made arrests of Egyptians in Kuwait for political activities. In April 2011, just after President Hosni Mubarak was overthrown, security officers arrested and deported 21 Egyptian nationals resident in Kuwait for attending meetings in support of Egyptian opposition figure Dr. Mohammad El Baradei. In August 2011, in line with Kuwait's stance against the Egyptian Muslim Brotherhood, Kuwaiti authorities said they would deport nine pro-Morsi demonstrators who had been protesting outside the Egyptian embassy in Kuwait.

Other Assistance. In July 2011, Kuwait contributed \$1 million to help relieve the effects of drought in Somalia. In November 2013, Kuwait donated \$10 million in relief aid to the Philippines following a destructive typhoon there.

¹⁹ <http://www.presstv.ir/Detail/2015/01/06/391924/Syria-embassy-in-Kuwait-resumes-services>

²⁰ "Kuwait Offers Egypt \$4B Aid, Fuel Package." Associated Press, July 10, 2013.

Performance on Countering Terrorism Financing/Islamic State Donations²¹

The Obama Administration and outside experts have been increasingly critical of Kuwait for failing to halt private Kuwaiti donations to Islamic extremist groups in Syria.²² According to press reports, Kuwaiti donors and donor aggregators use social media and other methods to collect funds for such Syrian factions as Al Nusra Front, which the U.S. government has designated as a terrorist organization.²³ The total amounts of such Kuwaiti donations to Syrian rebel groups are not known, but the private donor effort reportedly has been highly organized, operating under such slogans as “Syria Calls,” launched by a group called the “Union of Kuwaiti Campaigns to Support Syria.” The donors involved purportedly do not consider the Syrian rebel factions as “terrorists” to which funds should be denied.

U.S. officials reportedly have urged the Kuwaiti government to try to stop this financial flow. Treasury Department Under Secretary for Terrorism and Financial Intelligence David Cohen said publicly on March 4, 2014, that the appointment of a leading Kuwaiti donor to Al Nusra, Nayef al-Ajmi, as Minister of Justice and Minister of Islamic Endowments (Awqaf), was “a step in the wrong direction.”²⁴ Subsequent to those comments, Ajmi resigned his government posts.²⁵ On August 6, 2014, the Treasury Department imposed sanctions on two Ajmi tribe members and one other Kuwaiti, under Executive Order 13224 sanctioning support for international terrorism. The three sanctioned were Shafi Sultan al-Ajmi, Hajjaj al-Ajmi, and Abd al-Rahman al-Anizi.²⁶ Hajjah al-Ajmi and another Kuwaiti, Hamid Hamad Al Ali, were sanctioned by the United Nations Security Council for allegedly providing financial support to the Al Nusra Front. In a speech on October 23, 2014, Cohen reiterated his earlier criticism, saying Kuwait (and Qatar) were still “permissive jurisdictions” for terrorism financing.²⁷ Much earlier, in June 2008, the Treasury Department froze the assets of one of these charities—the Islamic Heritage Restoration Society—for alleged links to Al Qaeda, under E.O. 13224.

The government has taken some steps to accommodate U.S. views on this issue. In May 2014, the Ministry of Social Affairs warned Kuwaiti citizens that the campaigns are unauthorized and violate Kuwait law on financial donations. Kuwait law limits fundraising to only authorized charity organizations, including the Social Reform Society, Islamic Heritage Restoration Society, Direct Aid, Sheikh Abdullah al-Nuri Charitable Society, Prisoners Solidarity Society, Sunna Sciences Society, Kuwait Relief, Al-Najat Charitable Society, Good Tidings Charity, and Patients Helping Fund Society. The State Department report on global terrorism for 2013, cited above, credited Kuwait with passing, in May 2013, comprehensive money laundering and anti-terrorism financing legislation in 2013. According to the State Department report, the 2013 laws correct

²¹ Some information in this section is taken from the State Department country report on terrorism for 2013, released April 30, 2014. <http://www.state.gov/j/ct/rls/crt/2013/224823.htm>.

²² Joby Warrick, “Wealthy Donors Influence Syria War,” *Washington Post*, June 16, 2013.

²³ Ben Hubbard, “Donors’ Funds Add Wild Card to War in Syria,” *New York Times*, November 13, 2013.

²⁴ Department of the Treasury. Remarks of Under Secretary for Terrorism and Financial Intelligence David Cohen before the Center for New American Security on “Confronting New Threats in Terrorist Financing.” March 4, 2014.

²⁵ Karen DeYoung. “Kuwait Cabinet Minister Resigns After Allegations.” May 13, 2014.

²⁶ Treasury Department, Office of the Press Secretary. August 6, 2014.

²⁷ Remarks by Under Secretary for Terrorism and Financial Intelligence David Cohen. “Attacking ISIL’s Financial Foundation.” October 23, 2014.

significant deficiencies in an earlier 2002 law that had hampered Kuwaiti prosecutions of terrorism-related crimes. The 2013 laws also created a Financial Intelligence Unit (FIU), which will investigate terrorism financing and money laundering and prescribe a jail term of up to 15 years for those convicted of funding terrorist organizations. Kuwait is a member of the Middle East North Africa Financial Action Task Force (FATF), and the 2013 laws adopted apparently were the product of an action plan Kuwait developed with the FATF to address Kuwait's weaknesses on the issue. In August 2014, Kuwait arrested three of its citizens suspected of funneling funds to extremist groups.

Previous State Department terrorism reports have also praised Kuwait's programs to encourage moderation in Islam in Kuwait. There appeared to be no significant attacks attributed to terrorist organizations in Kuwait in 2013 or thus far in 2014. On November 27, 2011, security services arrested three Kuwaiti military officials on suspicion of links with a terrorist cell plotting to attack locations in Bahrain and Qatar.

In April 2011 Kuwait introduced biometric fingerprinting at Kuwait International Airport and has since extended that system to land and sea entry points. The NADR funds shown above have been used, in large part, to assist Kuwait with counterterrorism efforts, border control, and export controls.

Kuwait has long sought the return of two prisoners held at the U.S. facility in Guantanamo Bay, Cuba, under accusation of belonging to Al Qaeda. Amir Sabah reportedly raised the issue with President Obama during their September 13, 2013, White House meeting. Kuwait has built a rehabilitation center for the two, Fayezi al Kandari and Fawzi al-Udah, to reintegrate them into society after they are returned. On November 5, 2014, Fawzi al-Udah was released from Guantanamo and returned to Kuwait. Al Kandari remains in Guantanamo.

Kuwaiti Economic Policy

In part because of the political disputes and unrest since 2006, Kuwait has underinvested in capital infrastructure and overspent on public sector salaries and subsidies, according to the IMF and other observers. Delayed spending on capital infrastructure projects has created an image of stagnation, particularly compared to the more vibrant GCC states Qatar and UAE. This impression has been augmented by a lag in foreign direct investment in Kuwait relative to other GCC states. Only \$800 million has been invested in Kuwait in the past 10 years. In contrast, in the same time period, \$10 billion was invested in Bahrain, \$73 billion in UAE, and \$130 billion in Saudi Arabia.²⁸

Recent Kuwaiti budgets appeared intended to calm or avoid unrest rather than to set Kuwait up for long-term growth. As an example, in mid-2013, the National Assembly passed a law obligating the government to pay \$2.5 billion in debts owed by Kuwaitis as a result of the 2008 financial crisis. Total subsidies cost the government about \$17.7 billion annually. Observers say that the government benefits, if continued at current rates, are likely to put Kuwait's budget into deficit during 2017-2020. In October 2013 Prime Minister Jaber said the subsidies system had produced a "welfare state" and was "unsustainable," and he pledged to work to reduce them. Kuwait's finances are likely to suffer further with the drop in oil prices in late 2014 from over

²⁸ "Kuwait in Crisis As Ruling Family Splits, MP's Rebel." *Reuters*, June 7, 2011.

\$100 per barrel to about \$75 per barrel—Kuwait’s budget is based on a “break even” price of \$75 per barrel.

Compounding economic uncertainty, in late October 2014, Saudi Arabia closed an offshore oil field (Khafji) that it shares with Kuwait. The field produces 280,000 barrels per day, split between the two countries. The dispute might spill over into other disputes over production in their shared “neutral zone,” one of whose fields is operated by Chevron Corp. The neutral zone is the only place in either Saudi Arabia or Kuwait where foreign oil companies are permitted to have equity in oil fields.

On the other hand, Kuwait has a large sovereign wealth fund, managed by the Kuwait Investment Authority, with holdings estimated at about \$550 billion as of mid-2014, which presumably would help Kuwait mitigate budgetary shortfalls in future years.²⁹ The National Assembly passed some legislation, which took effect September 2010, to privatize major sectors of the Kuwait economy. In January 2014, the National Assembly approved legislation to privatize Kuwait Airways.

Political disputes have also prevented movement on several major potential drivers of future growth, the most prominent of which is Project Kuwait. The project, backed by the Kuwaiti government, would open Kuwait’s northern oil fields to foreign investment to generate about 500,000 barrels per day of extra production. The Assembly has blocked the \$8.5 billion project for over a decade because of concerns about Kuwait’s sovereignty, and observers say no compromise is in sight. A project to build a fourth oil refinery, estimated to cost \$8 billion, also has not advanced.

The 2008 financial crisis, coupled with the political infighting, earlier caused Kuwait to shelve a joint venture with Dow Chemical to form the largest maker of polyethylene. On December 29, 2008, the government cancelled the venture, which was to have required a Kuwaiti investment of \$7.5 billion by state-run Petrochemical Industries Co.-Kuwait. Dow reportedly had planned to use the proceeds of the investment to fund its purchase of the Rohm and Haas chemical firm, although that deal ultimately went through anyway. In May 2013, an arbitrator decided in favor of Dow Chemical, ordering the Petrochemical Industries Co.-Kuwait to pay Dow \$2.2 billion in damages for severing the venture.

The state-owned oil industry still accounts for 75% of government income and 90% of export earnings. The United States imports about 250,000 barrels per day in crude oil from Kuwait (about 3% of U.S. oil imports). Total U.S. exports to Kuwait were about \$2.6 billion in 2013, the same as the few preceding years, consisting mostly of automobiles, industrial equipment, and foodstuffs. Total U.S. imports from Kuwait in 2013 were about \$12.6 billion, of which almost all was crude oil and other petroleum products. Figures for the first half of 2014 show a slight increase in both exports to Kuwait and imports from Kuwait compared to 2013.

Like other Gulf states, Kuwait sees peaceful uses of nuclear energy as important to its economy, although doing so always raises fears among some in the United States, Israel, and elsewhere about the ultimate intentions of developing a nuclear program. Kuwait is cooperating with the

²⁹ Jamal Hussein. “Kuwait Needs Better Resource Utilization to Close Gap.” *Gulf News*, July 21, 2014; “Oil Price Slide Hits Kuwait Government Income.” *Naharnet*, October 17, 2014.

International Atomic Energy Agency (IAEA) to ensure international oversight of any nuclear work in Kuwait.

In 1994, Kuwait became a founding member of the World Trade Organization (WTO). In February 2004, the United States and Kuwait signed a Trade and Investment Framework Agreement (TIFA), often viewed as a prelude to a free trade agreement (FTA), which Kuwait has said it seeks. Kuwait gave \$500 million worth of oil to U.S. states affected by Hurricane Katrina.

Table 3. Some Basic Facts

Leadership	Amir: Shaykh Sabah al-Ahmad al-Jabir Al Sabah. Crown Prince/heir apparent: Shaykh Nawwaf al-Ahmad al-Jabir Al Sabah. Prime Minister: Shaykh Jabir al-Mubarak Al Sabah
Population	About 2.7 million, of which 1.2 million are citizens.
GDP (purchasing power parity, PPP)	\$166 billion (2013)
Religions	Muslim 85% (Sunni 70%, Shiite 30%); other (Christian, Hindu, Parsi) 15%
GDP per capita (PPP)	\$42,000/yr. (2013)
GDP growth rate	2.3% (2013)
Inflation	2.8% (2013)
Oil (proven reserves)	102 billion barrels (7% of world proven reserves)
Oil exports	2.15 million barrels per day (mbd)

Sources: CRS; CIA, *The World Factbook* reports; IMF.

Figure I. Map of Kuwait



Source: Graphic created by CRS. Boundaries and cities generated by Hannah Fischer using data from Department of State, Esri, and Google Maps (all 2013).

Author Contact Information

Kenneth Katzman
Specialist in Middle Eastern Affairs
kkatzman@crs.loc.gov, 7-7612