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File Folder CO083 (KUWAIT) (583808) (2)

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92032 PAPER	BIO	1	6/29/1988	B1 B3
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THE OFFICIAL WORKING VISIT
OF
HIS HIGHNESS
SHAIKH SAAD AL-ABDULLAH AL-SABAH
PRIME MINISTER AND CROWN PRINCE
OF THE STATE OF KUWAIT

WILLARD INTER-CONTINENTAL HOTEL
1401 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

(202) 628-9100

Protocol Office, Room 616
Direct Linte: 638-3109
737-2035

background notes

Kuwait



United States Department of State
Bureau of Public Affairs

March 1988



Official Name:
State of Kuwait

PROFILE

Geography

Area: 17,818 sq. km. (about 6,880 sq. mi.); slightly smaller than New Jersey. **Cities:** Capital—Kuwait (pop. about 1 million). **Other towns—**Ahmadi, Jahra, Fahaheel. **Terrain:** Desert. **Climate:** intensely hot and dry in summers; short, cool winters.

People

Nationality: *Noun and adjective—* Kuwaiti(s). **Population** (1985): 1.7 million (680,000 Kuwaitis, 1.02 million expatriates). **Annual growth rate** (including immigration): 4.5%, Kuwaiti 3.8%. **Ethnic groups:** Arab 84%, South Asian, Iranian, Southeast Asian. **Religion:** Islam 85% (Kuwaitis 100%). **Languages:** Arabic (official); English widely spoken. **Education** (free through high school): *Years compulsory—*8. **Literacy—**about 71% over age 10. **Health:** *Infant mortality rate—*26.1/1,000 (Kuwaiti). *Life expectancy—*70 yrs. **Work force** (1985): 670,385. **Social services—**45%. **Construction—**20%. **Trade, hotels, and restaurants—**12.1%. **Manufacturing—**8.6%. **Finance and real estate—**2.6%. **Agriculture and fishing—**1.9%. **Power and water—**1.7%. **Mining and quarrying—**1.4%.

Government

Type: Constitutional monarchy. **Independence:** June 19, 1961. **Constitution:** 1962. **Branches:** *Executive—*Amir (head of state). *Legislative—*elected National Assembly of 50 members. *Judicial—*present judicial system instituted by a 1959 Amir decree.

Political parties: None. **Suffrage:** Adult males who resided in Kuwait before 1920 and their male descendants (eligible voters—56,848, 8.3% of citizenry).

Subdivisions: Government is centralized, but for administrative purposes there are four governorates: Kuwait City, Hawalli, Ahmadi, and Jahra.

Central government budget (1985-87): *Revenues—*\$6.7 billion. *Expenditures—*\$10.7 billion.

Flag: Three horizontal stripes (green, white, and red) joining a black trapezoid at the staff side.

Economy

GDP (1986): \$17.3 billion. **Annual growth rate:** -15.9%. **Per capita GDP:** \$10,175.

Natural resources: Petroleum, fisheries.

Agriculture: Most food is imported. *Cultivated land—*1%.

Industry: *Types—*petroleum extraction and refining, fertilizer, chemicals, some construction materials. **Water desalination capacity:** 215 million gallons per day.

Trade (1986): *Exports and reexports—*\$7.420 billion: oil 85%. *Major customers—*Asian countries 47% (Japan 16.5%) of Kuwaiti market; EEC 23%. *Imports* (1986)—\$5.9 billion: machinery and manufactured goods, transport equipment, foodstuffs. *Major suppliers* (1984)—Asian countries 38% (Japan 23.8%), EEC 34.5% (FRG 8.7%), Western Hemisphere 11.7% (US 9.4%). *Total US* (1980-84)—\$835 million; \$635 million (1984).

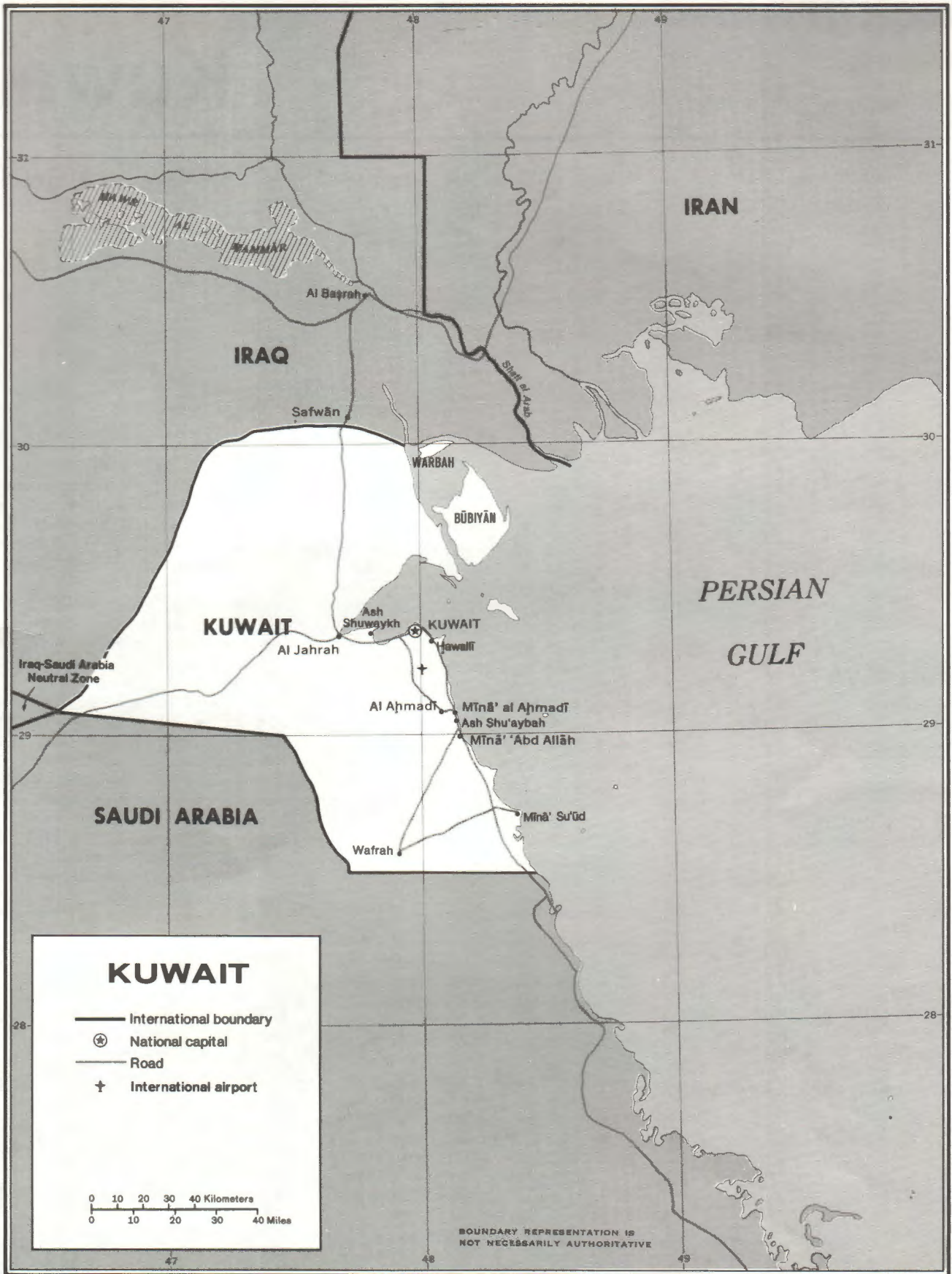
Official exchange rate (1987): 1 Kuwaiti dinar = US\$3.57 or 0.28 Kuwaiti dinar = US\$1.

Fiscal year: July 1-June 30.

Economic aid extended (1961-1986): \$5 billion (Kuwait Fund for Arab Economic Development). *Other development assistance—*\$700 million.

Membership in International Organizations

UN and some of its specialized and related agencies, including World Bank, International Monetary Fund (IMF), General Agreement on Tariffs and Trade (GATT); Arab League; Organization of Petroleum Exporting Countries (OPEC); Organization of Arab Petroleum Exporting Countries (OAPEC); INTELSAT; Organization of the Islamic Conference (OIC); Gulf Cooperation Council (GCC); Nonaligned Movement.



GEOGRAPHY

Kuwait is located in the northeastern corner of the Arabian Peninsula, bounded on the north and west by Iraq, on the south by Saudi Arabia, and on the east by the Persian Gulf. Summer temperatures reach 54 °C (13 °F). Rainfall averages less than 10 centimeters (4 in.) annually. Kuwait City, the capital, main port, and commercial center, is home to two-thirds of the population.

PEOPLE

The people of the State of Kuwait (KOWAIT) are primarily Arab in origin, but only 40% are indigenous. Many Arabs from nearby states have taken up residency in Kuwait, especially since oil production brought prosperity in the late 1940s. Kuwait also has sizable Iranian and Indian communities. Most native Kuwaitis are Sunni Muslims (70%) or Shi'a Muslims (30%); there is a very small number of Kuwaiti Christians. The 71% literacy rate, one of the highest in the Arab world, is due in part to government support for the educational system. Public school education, including Kuwait University, is free, but access is restricted for foreign residents. The government sends qualified students abroad for degrees not offered at Kuwait University. About 3,500 Kuwaitis are students in the United States. In addition, more than 3,000 Kuwaiti military personnel have participated in U.S. Department of Defense training, including senior service schools and basic skills courses.

HISTORY

Kuwait's modern history began in the 18th century with the founding of the city of Kuwait by the Uteiba section of the Anaiza tribe, who wandered north from Qatar. Its first definite contact with the West was between 1775 and 1779, when the British-operated Persian Gulf-Aleppo Mail Service was diverted through Kuwait from Persian-occupied Basra (in Iraq).

During the 19th century, Kuwait tried to obtain British support to maintain its independence from the Turks and various powerful Arabian Peninsula groups. In 1899, the ruler Sheikh Mubarak Al Sabah "the Great" signed an agreement with the United Kingdom pledging himself and his successors neither to cede any territory nor to re-

ceive agents or representatives of any foreign power without the British Government's consent. The British agreed to grant an annual subsidy to support the Sheikh and his heirs and to afford them the United Kingdom's protection. Until 1961, Kuwait enjoyed special treaty relations with the United Kingdom, which handled Kuwait's foreign affairs and was responsible for its security. Mubarak was followed as ruler by his son Jabir (1915-17) and another son Salim (1917-21). Subsequent amirs descend from these two brothers. Sheikh Ahmad al-Jabir Al Sabah ruled from 1921 until his death in 1950, and Sheikh Abdullah al-Salim Al-Sabah from 1950 to 1965. By early 1961, the British had withdrawn their special court system, which handled the cases of foreigners resident in Kuwait, and the Kuwait Government began to exercise legal jurisdiction under new laws drawn up by an Egyptian jurist. On June 19, 1961, Kuwait became fully independent following an exchange of notes with the United Kingdom.

Kuwait's northern border with Iraq dates from an agreement with Turkey in 1913. Although the agreement was never formally ratified, Iraq accepted it in 1932 upon independence from Turkey. However, Iraq claimed Kuwait in 1961, contending that before British intervention, it had been part of the Ottoman Empire under Iraqi suzerainty. Although Iraq and Kuwait today enjoy friendly relations, no formal agreement has been reached.

The boundary with Saudi Arabia was set by the Treaty of Uqair in 1922, which also established the Kuwait-Saudi Arabia Neutral Zone, an area of about 5,180 sq. km. (2,000 sq. mi.) adjoining Kuwait's southern border. In December 1969, Kuwait and Saudi Arabia signed an agreement dividing the Neutral Zone (now known as the Divided Zone) and demarcating a new international boundary. However, efforts to reach agreement on the northern boundary of the Divided Zone's territorial waters have been unsuccessful. Both countries share equally the Divided Zone's petroleum, onshore and offshore.

GOVERNMENT AND POLITICAL CONDITIONS

The State of Kuwait has been ruled by the Sabah family since 1751. The 1962 constitution contains detailed provisions on the powers and relationships of the branches of government and on the rights of citizens. Upon the death of an amir, the crown prince assumes his

position. A new crown prince is then selected by members of the Sabah family from among the direct descendants of Mubarak the Great. Under the constitution, this designation is subject to the approval of the National Assembly. Since independence, there have been orderly successions in 1965 and 1978.

Kuwait's first National Assembly was elected in 1963, with follow-on elections held in 1967, 1971, and 1975. From 1976 to 1981 the National Assembly was suspended when serious inter-Arab tensions were reflected. Following elections in 1981 and 1985, the National Assembly was again dissolved after it reverted once again to a forum for frictions over inter-Arab and domestic policy issues. No political parties exist in Kuwait and, as of mid-1987, the National Assembly remains suspended.

Kuwait experienced an unprecedented era of prosperity under Amir Sabah al-Salim Al Sabah, who died in 1977 after ruling for 12 years, and under his successor, the present ruler, Amir Jabir al-Ahmad al-Jabir Al Sabah. The country was transformed into a highly developed welfare state with a free market economy. Since 1982, depressed oil prices and demand, loss of trade due to the Iran-Iraq war, and the collapse of the extra official stock market have created serious economic problems but have not greatly affected the quality of life for most residents.

Principal Government Officials

Amir—His Highness Sheikh Jabir al-Ahmad al-Jabir Al Sabah
Crown Prince and Prime Minister—His Highness Sheikh Saad al-Abdullah al-Salim Al Sabah
Deputy Prime Minister and Minister of Foreign Affairs—Sheikh Sabah al-Ahmad al-Jabir Al Sabah

Other Ministers

Awqaf and Islamic Affairs—HE (His Excellency) Khalid Ahmed al-Jasser
Minister of State for Cabinet Affairs—HE Rashid Abdul Aziz al-Rashid
Commerce and Industry—HE Faisal al-Khaled
Communications—HE Abdullah Abdul Mohsen al-Sharhan
Defense—HE Sheikh Nawaf al-Ahmad al-Jubir Al Sabah
Education and Higher Education (Acting)—HE Anwar Abdullah Al-Nouri

Electricity and Water—HE Dr. Hamoud al-Roqbah
 Finance—HE Sheikh Jassim Mohammad al-Kharafi
 Information—HE Sheikh Jaber Mubarak al-Hamad Al Sabah
 Interior—HE Sheikh Salim al-Sabah al-Salim Al Sabah
 Justice and Legal Affairs—HE Dhari Abdullah Al-Othman
 Oil—HE Sheikh Ali al-Khalifa al-Athbi Al Sabah
 Planning—HE Dr. Abdul Rahman A. al-Awadi
 Public Health—HE Dr. Abdul Mohsen al-Abdul Razzak
 Public Works—HE Abdul Rahman Ibrahim al-Houti
 Social Affairs and Labor—HE Sheikh Nasser Mohamed al-Ahmad Al Sabah
 Minister of State for Foreign Affairs—HE Saoud Mohammad al-Osaimi
 Minister of State for Housing Affairs—HE Nasser Abdullah Al Rhodan
 Minister of State for Municipal Affairs—HE Mohamed al-Rifai
 Minister of State for Service Affairs—HE Essa Mohammad Ibrahim al-Maseidi
 Ambassador to the United States—Saud Nasir Al Sabah
 Ambassador to the United Nations—Mohammad Abu al-Hasan

Kuwait maintains an embassy in the United States at 2940 Tilden Street NW., Washington, D.C. 20008 (tel. 202-966-0702).

ECONOMY

Kuwait is one of the wealthiest countries in the world. In 1986, the per capita gross domestic product was \$10,175. Kuwaitis, who make up 40% of the total population, enjoy a relatively greater share of the wealth than expatriates, many of whom are employed in unskilled and semiskilled jobs.

This wealth is largely based on Kuwait's dominant exports of oil and capital. Oil accounts for about 85% of merchandise exports and for the same percentage of government revenues. Income from foreign investments make up most of the balance of public revenues. This wealth is based on the increase in oil prices during the 1970s which Kuwait, through its membership in the



Before the advent of tremendous oil revenues, most Kuwaitis relied on traditional livelihoods such as nomadic herding. Such occupations are now followed by a very small and dwindling segment of the population.

Organization of Petroleum Exporting Countries (OPEC), actively promoted. The recent downturn in world demand for OPEC oil is the principal reason for the recession in Kuwait. Per capita GDP fell from a high of \$20,000 in 1980 to \$10,000 in 1986. It has since begun a gradual recovery.

The war between Iran and Iraq cut off previously lucrative reexports to those countries. The massive collapse in 1982 of an extra official stock market created repercussions that still affect the economy.

Oil

In 1937, the ruler of Kuwait granted an oil concession to the Kuwait Oil Co. (KOC), jointly owned by the British Petroleum Co. and Gulf Oil Corp. In 1976, the Kuwaiti Government nationalized KOC.

The following year, Kuwait took over onshore production in the Divided Zone between Kuwait and Saudi Arabia. KOC produces jointly there with Texaco Inc., which, by its 1984 purchase of Getty Oil Co., acquired the Saudi Arabian concession onshore in the Divided Zone.

Offshore in the Divided Zone, the Arabian Oil Co., owned 80% by Japanese interests and 10% each by the Kuwaiti and Saudi Governments, has produced on behalf of both countries since 1961.

The Kuwait Petroleum Corp. (KPC), an integrated international oil company, is the parent company of all of the government's operations in the petroleum sector, and includes Kuwait



Fishing dhows still dock along Kuwait's shores. Their use, however, is rapidly dying out.

Oil Company, which produces oil and gas; Kuwait National Petroleum Co., refining and domestic sales; Petrochemical Industries Co., producing ammonia and urea; Kuwait Foreign Petroleum Exploration Co., with several concessions in developing countries; Kuwait Oil Tanker Co.; and Santa Fe International Corp. The latter, purchased outright in 1982, gives KPC a worldwide presence in the petroleum industry.

KPC also has purchased from Gulf Oil Co. refineries and associated service stations in the Benelux and Scandinavia, as well as storage facilities and a network of service stations in Italy. In 1987, KPC bought a 19% share in British Petroleum. KPC markets its products in Europe under the brand Q8 and is interested in possible further acquisitions in the United States and in Japan.

Kuwait has more than 66 billion barrels of recoverable oil; only Saudi Arabia and the Soviet Union have more. Estimated capacity is about 2.4 million barrels per day (b/d), but because of Kuwait's oil conservation policy, production is officially limited to 999,000 b/d.

Because of the soft world oil market, Kuwait produced only a little more than a million b/d in 1986. Although oil prices have fallen, Kuwait's extremely low production costs continue to leave a large profit margin. In addition, Kuwait

is expanding its refineries so that in the near future, at present production levels, most petroleum exports will be in the form of refined products.

Social Benefits

The government has sponsored many social welfare, public works, and development plans financed with oil revenues. Among the benefits for Kuwaiti citizens are retirement income, marriage bonuses, housing loans, virtually guaranteed employment, free medical services, and education at all levels. Foreign nationals residing in Kuwait obtain some but not all of the welfare services. The right to own stock in publicly traded companies, real estate, or majority interest in a business is limited to Kuwait citizens.

Industry and Development

Industry in Kuwait consists of several large export-oriented petrochemical units, three oil refineries, and a range of small manufacturers. It also includes large water distillation, ammonia, desulfurization, fertilizer, brick, block, and cement plants. Plans for expansion and modernization include major projects in oil refining, petrochemicals, electricity, water supply, highway construction, housing, and telecommunications. The government's 1985-90 5-year plan projects domestic investment expenditure to be KD25 billion.

Agriculture

Agriculture is limited by the lack of water, but horticulture in areas near the Saudi and Iraqi borders is increasingly important. The government has experimented in growing food through hydroponics (a technique of growing plants in solutions). Fish and shrimp are plentiful in territorial waters, and large-scale commercial fishing has been undertaken locally and in the Indian Ocean.

Shipping

The Kuwait Oil Tankers Co. has 22 crude oil and refined product carriers and is the largest tanker company in an OPEC country. Kuwait also is a member of the United Arab Shipping Company.

Trade, Finance, and Aid

The Kuwaiti dinar is a strong currency pegged to a basket of currencies in which the dollar has the most weight. Kuwait's current account balance-of-payments surplus in 1986 was about \$6.2 billion, of which \$2 billion was the trade surplus.

Government revenues were \$6.7 billion for the Kuwaiti fiscal year ending June 1987, down from the high of \$25.5 billion in FY 1979-80. Expenditures were \$10.7 billion.

The government's two reserve funds, the Fund for Future Generations and the General Reserve Fund, totaled \$75 billion by 1986; as much as \$60 billion is invested abroad, of which about 60% is in dollars. Substantial funds also are invested in the Federal Republic of Germany, the United Kingdom, France, and Japan. In order of importance, foreign assets are believed to be invested in stocks and bonds, fixed yield instruments (mostly short term), and real estate. Foreign investment by other government entities runs into the billions of dollars. Private investment abroad has been estimated at \$22 billion.

Kuwait has been a major source of economic assistance to other Arab states through the Kuwait Fund for Arab Economic Development, an autonomous state institution created in 1961 on the pattern of Western and interna-

tional development agencies. In 1974, the fund's lending mandate was expanded to include all—not just Arab—developing countries. By 1986, the fund had extended loans totaling \$5 billion. In addition, substantial economic assistance has been provided through other channels to the “confrontation states” of Egypt, Syria, and Jordan and also to the Palestine Liberation Organization over the years, and to Iraq since the beginning of its war with Iran. After the 1978 Baghdad-Arab summit, assistance to Egypt was cut off due to its participation in the Camp David accords. Sizable assistance also is provided through Arab and other multilateral donors. Kuwait has continued major assistance programs in spite of the sharp drop in its oil earnings and its extraordinary financial assistance to Iraq.

FOREIGN RELATIONS

Following independence in June 1961, Kuwait faced a major foreign relations problem arising from the claim of the Iraqi Government to Kuwait's territory. The then Iraqi Government threatened invasion but was dissuaded by Britain's ready response to the amir's request for assistance. Kuwait presented its case before the United Nations and preserved its sovereignty. British forces were later withdrawn and replaced by troops from Arab League countries, which were then withdrawn at Kuwait's request in January 1963.

Iraq's claims against Kuwait have moderated, but in March 1973, several incidents between border forces underlined Iraq's continuing nonacceptance of portions of the undemarcated boundary. In July 1977, the two countries agreed to withdraw their troops behind an agreed line and to establish ministerial and technical bilateral committees to

One of the more modernistic mosques to be found in the city.



discuss border matters, including demarcation. In late 1984, the Crown Prince/Prime Minister visited Baghdad and discussed border issues. Although the issues have not been fully resolved, the two countries enjoy friendly relations.

Despite its improved relations with Iraq, Kuwait occupies an exposed and sensitive geographic position at the head of the Persian Gulf. In addition to the external pressures generated, Kuwait must deal with the presence of some 400,000 Palestinians and 300,000 Shi'a Muslims in a population of only about 1.7 million. It gauges its policies to take into account the sometimes conflicting interests of its larger neighbors—Iraq, Iran, and Saudi Arabia—and to remain within whatever consensus may exist among the Arab states on regional issues.

The most immediate current threat to Kuwaiti security is the Iran-Iraq war. Although Kuwait is formally neutral in the conflict, it has assisted Iraq through the transshipment of goods through its territory and through more than an estimated \$6 billion in loans. This support made Kuwait subject to several acts of Iranian retaliation. In October 1981, an oil-gathering center was bombed in northern Kuwait, and in December 1983, a series of terrorist bombings took place that were directed at Kuwaiti installations and at the U.S. and French Embassies. Three employees of the U.S. Embassy died in the bombing, in addition to a Kuwaiti citizen and the suicide bomber. Several U.S. Embassy employees and others elsewhere were wounded. The government subsequently convicted 21 persons of complicity in the attacks, sentencing six to death (three in absentia). Most of those convicted were members of a pro-Iranian Shi'a Muslim group based in Iraq.

In December 1984, a Kuwait Airways airliner was hijacked to Tehran, and two U.S. Government employees were killed before the hijackers, who had reportedly demanded the release of those jailed in the December 1983 bombings, were taken by Iranian authorities. The Kuwaiti media was highly critical of the Iranian regime's performance during the hijacking.

In May 1985, the amir of Kuwait's motorcade was attacked by terrorists using a car bomb. This incident led to increased security measures throughout Kuwait.

As part of Iran's strategy in its war with Iraq, shipping serving Kuwait in-

Travel Notes

Climate and clothing: Wear lightweight clothing most of the year, except in the cool winter months. Dress conservatively in public; dress for social functions is similar to that worn in the West.

Customs: Visas should be obtained from the Embassy of Kuwait in Washington, DC or from its consulate in New York City. Importation of alcohol and pork products is forbidden. Cholera and yellow fever vaccinations are required of travelers coming from an infected area. Health requirements change; check latest information.

Health: Many European doctors and a number of Western-trained Arab doctors practice in Kuwait.

Telecommunications: Local telephone service is good. Direct-dial international links are available to most countries, including the U.S. Satellite ground stations are in operation. Kuwait is eight time zones ahead of eastern standard time.

Transportation: Several airlines serve Kuwait from major cities in the U.S., Europe, the Near East, and South and East Asia. Most principal roads in Kuwait are at least four lanes. All-weather highways run north to Iraq and south to Saudi Arabia. Driving is on the right.

National holidays: New Year's Day (Jan. 1) and National Day (Feb. 25). Islamic holidays are based on the Islamic calendar and correspond to different days each year of the Western calendar. They include: Ascension Day, Eid Al-Fitr, Waqfa, Eid Al-Adha, Islamic New Year, and the Birth of the Prophet.

creasingly became subject to attack in 1986. Late that year, Kuwait asked permanent members of the UN Security Council to protect its oil exports by either leasing their ships to Kuwait or by reflagging Kuwait's tanker fleet with these countries' flags. In 1987, the United States reflagged 11 of Kuwait's oil tankers and established a maritime protection regime to ensure the safe passage of U.S. flag ships carrying Kuwait's oil.

The Kuwaiti response to current instability in the area has been to improve its own defense forces and cooperate more actively with its Arab Gulf neighbors. In early 1981, Kuwait was a leader in forming the Gulf Cooperation Council (GCC) with Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, and Oman. In November 1984 at the GCC Summit in Kuwait, member states announced the formation of a rapid deployment force to be based in Saudi Arabia, and efforts began aimed at linking the air defenses of the GCC

countries. The GCC also is moving toward a common external tariff and free internal movement of goods, capital, and GCC citizens.

Kuwait consistently maintains that defense of GCC countries falls first and foremost on these countries themselves without involvement by the great powers or others except as a last resort.

In January 1987, Kuwait hosted the Fifth Summit of the Organization of the Islamic Conference (OIC). Elected chairman of the OIC, it will hold this position until the next summit meeting in 1990. Kuwait also is an active member of the Nonaligned Movement.

Kuwait established diplomatic relations with the Soviet Union in 1963, and in 1964 the two countries signed an agreement for economic and technical cooperation. In recent years, Kuwait and East European countries have periodically exchanged high-level visits. Kuwait also has full diplomatic relations with other communist countries, including the People's Republic of China.

DEFENSE

Kuwait maintains a small military force that includes army, navy, and air force units. A military modernization program is underway. The United Kingdom is the main supplier of defense equipment with a total of about \$1.4 billion in sales to date. Several other countries, including the United States and France, have sold major items. Advisers from the United States and seconded personnel from the United Kingdom, Pakistan, Egypt, and Jordan provide technical expertise. Kuwait has purchased some arms from the Soviet Union, and some Soviet advisers are present. A separately organized National Guard maintains internal security. Police forces are under the Ministry of Interior.

U.S.-KUWAITI RELATIONS

A U.S. consulate was opened at Kuwait in October 1951 and was elevated to embassy status at the time of Kuwait's independence 10 years later. The United States supports Kuwait's independence and closer cooperation among Gulf countries. In 1987, cooperation between Kuwait and the United States increased due to the implementation of the maritime protection regime to ensure freedom of navigation through the Gulf for Kuwaiti oil in U.S. flag ships.

The United States has provided military and defense technical assistance to Kuwait from both foreign military sales (FMS) and commercial sources. All transactions have been by direct cash sale. The U.S. Liaison Office Kuwait attached to the American

Further Information

These titles are provided as a general indication of material published in this country. The Department of State does not endorse unofficial publications.

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- U.S. Department of State. *Kuwait Post Report*. February 1984.

Embassy, manages the FMS program. By 1985, sales to Kuwait of defense articles and services under FMS totaled \$1.5 billion. Principal U.S. military systems currently operated by the Kuwait Defense Forces are I-HAWK air defense missiles; A-4 Skyhawk tactical aircraft; sidewinder air-to-air missiles; 155mm SP howitzers; M113 armored personnel carriers; TOW anti-tank missiles; wheeled tactical vehicles; communications equipment; and an automated support system for management of supply, maintenance, personnel, and fiscal functions of the Kuwait Air Force. The United States is currently conducting an undergraduate pilot training program to train 150 air force pilots over the next several years and also is assisting with development of a flight training facility in Kuwait, which should provide the Kuwaiti Government with an indigenous pilot training capability by 1988.

The United States is currently Kuwait's second largest supplier (after Japan), and Kuwait is the fifth largest market in the Middle East for U.S. goods and services. U.S. exports to Kuwait, after exceeding \$900 million in 1981-82, fell to \$741 million in 1983 and \$635.8 million in 1986. Kuwait is a highly competitive market, sensitive to price. The strong U.S. dollar has made U.S. exports more expensive compared to products of most other countries, causing a shift away from U.S. goods. Provided their prices are reasonable, U.S. firms still have a competitive advantage in many areas requiring advanced technology, such as oilfield equipment and services, electric power generation and distribution equipment, telecommunications gear, and military

equipment. Besides the strong American dollar, the most important disincentive for U.S. exports to Kuwait is the Arab boycott of Israel. At times, U.S. firms have been caught between conflicting U.S. and Kuwaiti regulations regarding the boycott. Some of these conflicts have been resolved in ways that satisfy U.S. and Kuwaiti law, but others remain insoluble and have kept certain U.S. firms out of the Kuwaiti market.

Principal U.S. Officials

Ambassador—W. Nathaniel Howell
Deputy Chief of Mission—James R. Hooper
Political Officer—Joseph D. Stafford, III
Commercial Officer—Harry Ryder
Economic Officer—Kenneth Stammerman
Consular Officer—William D. Colwell
Public Affairs Officer (USIS)—Lee James Irwin
Chief, U.S. Liaison Office, Kuwait—James A. Bell

The U.S. Embassy in Kuwait is located at Bneid al-Gar, Kuwait (opposite the Hilton Hotel). The mailing address is P.O. Box 77, Safat, Kuwait, State of Kuwait (tel. 2424150-9; Hilton Hotel will pass messages sent to 22039 HILTELS "PASS TO AMERICAN EMBASSY"). ■

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92031	PAPER BIO	1	6/9/1988	B1 B3

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

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92032	PAPER BIO	1	6/29/1988	B1 B3

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92033	PAPER BIOS	3	6/30/1988	B1 B3

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92034	PAPER DUPLICATE OF #92031	1	6/9/1988	B1 B3

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92035	PAPER DUPLICATE OF #92032	1	6/29/1988	B1 B3

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92036	PAPER DUPLICATE OF #92033	3	6/30/1988	B1 B3

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