

# THE REALITY OF THE INDUSTRIAL SECTOR

STATE OF KUWAIT



ISSUE 2025





# THE REALITY OF THE INDUSTRIAL SECTOR

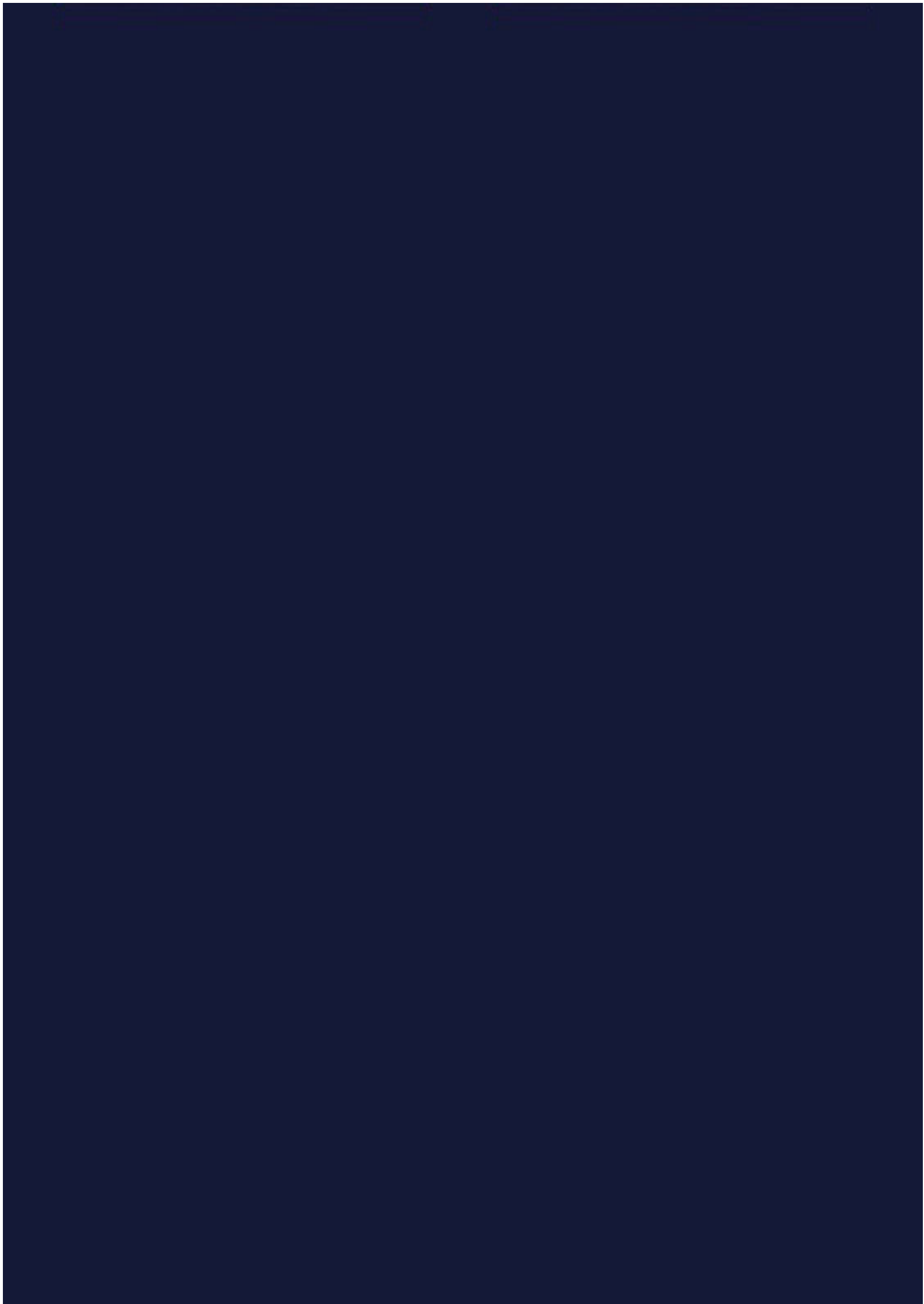
STATE OF KUWAIT

Public Authority for Industry

Industrial Research Department

Industrial Planning

[www.pai.gov.kw](http://www.pai.gov.kw)









His Highness Sheikh  
**Mishal Al-Ahmad Al-Jaber Al-Sabah**  
The Amir of the State of Kuwait, May Allah protect him





His Highness Sheikh

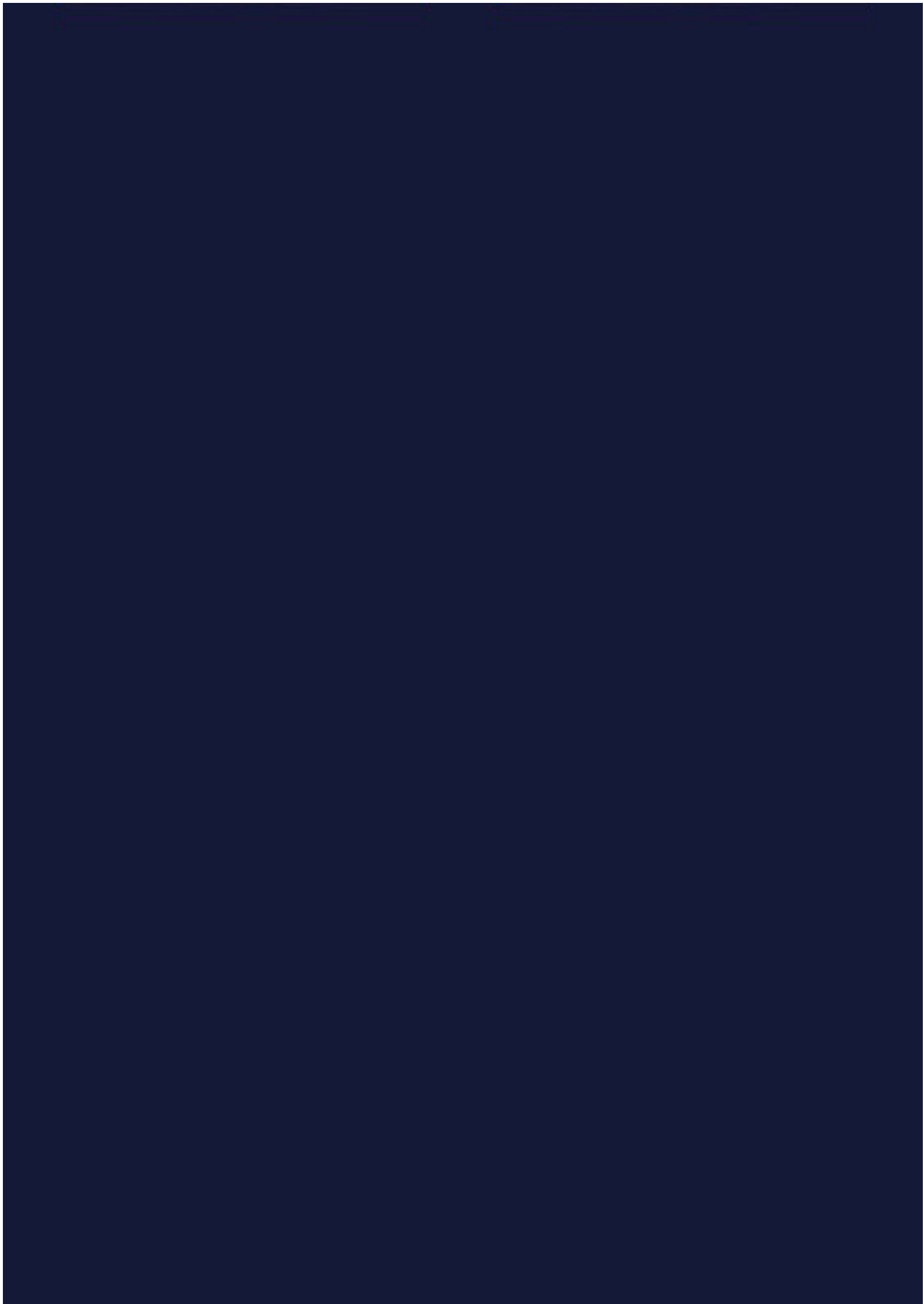
**Sabah Al-Khaled Al-Hamad Al-Mubarak Al-Sabah**

The Crown Prince of the State of Kuwait, May Allah protect him





His Highness Sheikh  
**Ahmad Al-Abdullah Al-Ahmad Al-Sabah**  
The Prime Minister of the State of Kuwait, May Allah protect him





His Excellency the Minister of Commerce and Industry  
and Chairman of the Board of Directors of the Public Authority for Industry  
**Khalifa Abdullah Al-Ajeel**



## ASIA Consulting for Administrative & Training Project Team Profile

### *The Reality of the Industrial Sector in the State of Kuwait 2025*

#### Introduction

The project “*The Reality of the Industrial Sector in the State of Kuwait 2024*” is carried out by a specialized team of experts in economics, statistical analysis, and artificial intelligence. The distribution of roles and responsibilities ensures the highest standards of quality, precision, and reliability in industrial analysis and planning.

#### Project Leadership

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all stakeholders and those interested in the industrial sector in Kuwait. The valuable and inclusive data and insights it contains will, we believe, contribute meaningfully to supporting and advancing the country’s industrial development journey.





## Acknowledgment and Appreciation

The Industrial Sector Status in the State of Kuwait Project Team extends its sincere thanks and deep appreciation to His Excellency Mr. Khalifa Abdullah Al-Ajeel Al-Askar, Minister of Commerce and Industry and Chairman of the Board of Directors of the Public Authority for Industry, for his continuous support of the industrial sector and industrialists, and to all employees of the Authority for their dedicated efforts.

The team also expresses special gratitude to Mr. Shamlan Hamoud Al-Jahidli, Acting Director General of the Public Authority for Industry, in recognition of his distinguished leadership and valuable guidance, which served as a source of motivation and inspiration for continued achievement.

The project team from the Public Authority for Industry - Industrial Planning Department, consisting of the following members, also extends its appreciation:

**Eng. Bashaer Ibrahim Al-Khamees - Acting Director of Industrial Planning Department**

**Eng. Haya Ahmed Al-Buhairi - Senior Industrial Engineer**

**Eng. Suad Abdullah Al-Mansour - Senior Industrial Engineer**

**Eng. Amna Khaled Al-Dahash - Senior Industrial Engineer**

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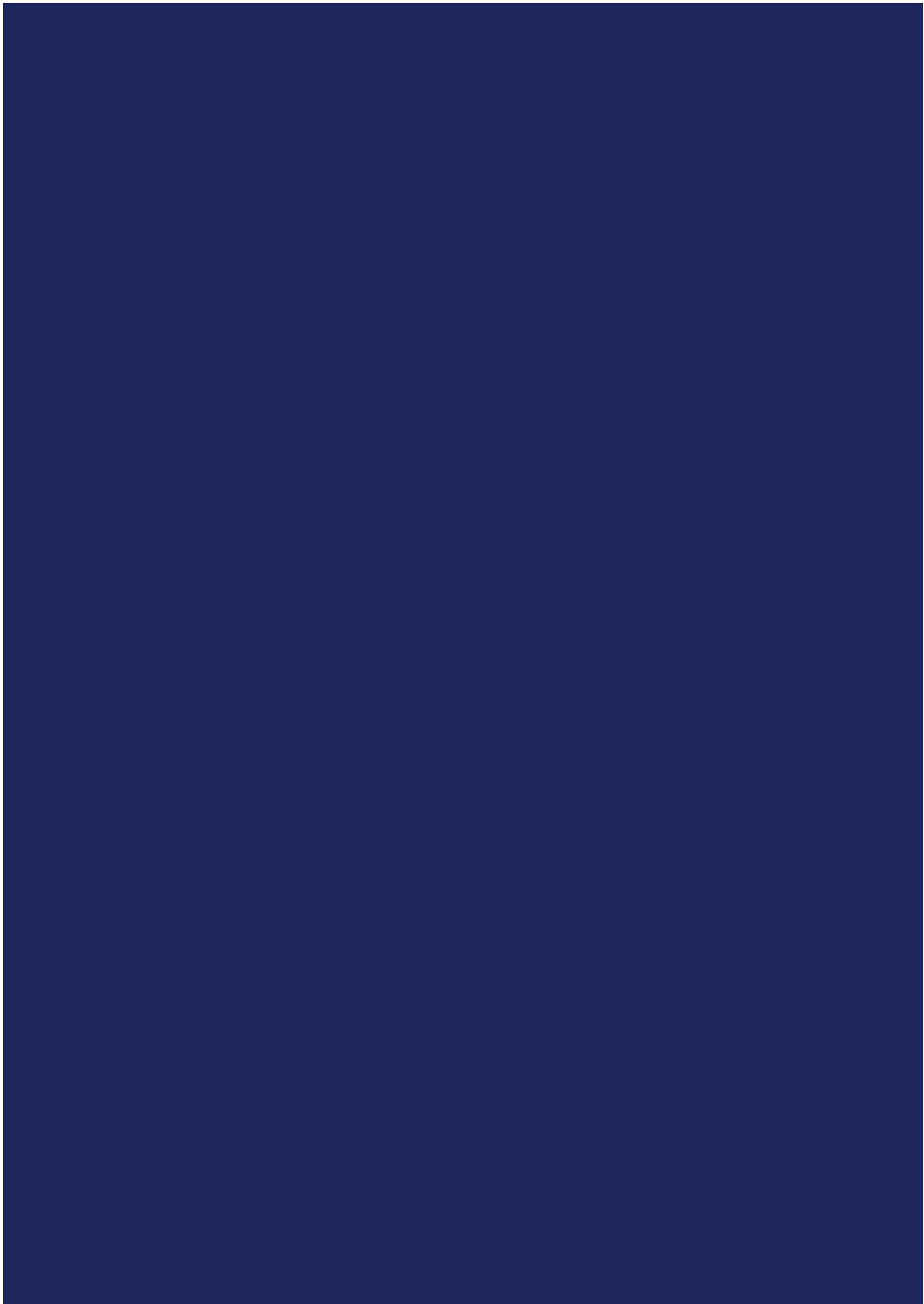
The team expresses its sincere gratitude to all industrial institutions operating within the industrial sector that collaborated with the project team and generously contributed by providing the data and information necessary for preparing the Industrial Sector Status Project for the State of Kuwait.

It is our hope that this report will serve as a comprehensive and essential reference for all stakeholders and those interested in the industrial sector in Kuwait. The valuable and inclusive data and insights it contains will, we believe, contribute meaningfully to supporting and advancing the country's industrial development journey.

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## Director General's Message

Industrial development is considered one of the essential pillars of progress in any country. The importance of industry has grown significantly in the modern era, especially for the State of Kuwait, which is diligently striving toward a unified vision for a prosperous and sustainable future. Based on this national direction toward developing and strengthening local industries through all available means and resources, the Public Authority for Industry (PAI) has adopted, as part of its executive programs, the Project on the Status of the Industrial Sector in the State of Kuwait.

This project involves analyzing statistical and economic data derived from the field industrial survey conducted by the Authority. The goal is to provide the necessary industrial indicators and information to policymakers and decision-makers, enabling them to design suitable strategies and make informed decisions for the development of the industrial sector.

These indicators and data represent the first step in setting long-term strategies that will serve as the foundation for numerous strategic decisions in the industrial sector in the future. This initiative will also guide industrial investment trends and attract targeted sectors toward industrial activities, thereby expanding the industrial base and increasing the sector's relative contribution to the Gross Domestic Product (GDP).

As Kuwaitis and officials, we bear the responsibility to continue the work initiated by our founding fathers who built an industrial foundation that we are all proud of. The State of Kuwait is well-positioned to become a true industrial and commercial hub on the ground in coordination with relevant government entities through the implementation of financial, trade, and industrial cooperation programs aimed at building a New Kuwait 2035, founded on the diversification of income sources and the reduction of dependence on oil as the sole and primary source of national revenue.

We take pride in presenting to you this comprehensive report of information and analytical indicators derived from the analysis of the industrial survey data. This report contributes to shaping Kuwait's future industrial vision, identifying areas of strength, and addressing weaknesses that can be improved in the coming years.

We hope that this report serves as your gateway to explore new horizons and to build a bright industrial future inspired by the visionary leadership and guidance of His Highness the Amir of the State of Kuwait, Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah, and His Highness the Crown Prince, Sheikh Sabah Khaled Al-Hamad Al-Sabah, may God protect and bless them.

We also pray that this publication will serve as a sincere contribution that assists those responsible for development planning and for promoting and advancing national industry in the State of Kuwait in alignment with the government's development plan under the leadership of His Highness the Prime Minister, Sheikh Ahmad Abdullah Al-Ahmad Al-Sabah, and with the support and encouragement of His Excellency the Minister of Commerce and Industry, Mr. Khalifa Abdullah Al-Ajeel, as well as the engagement of both public and private institutions in achieving sustainable development.

**Engineer Shamlan Hamoud Al-Juhaidli**  
**Acting Director General**  
**Public Authority for Industry**

## Executive Summary

The 2025 Industrial Survey Report presents a precise and comprehensive analysis of the industrial landscape in Kuwait, serving as a strategic tool to enhance industrial policies and achieve sustainable economic development goals. The report covers the overall performance of industrial establishments, production and investment levels, and the industrial labor market, while also identifying industrial gaps and future opportunities for localizing priority industries. Against the backdrop of relative economic recovery from global and regional crises most notably the COVID-19 pandemic, the Russia-Ukraine conflict, and the global inflationary wave, the survey highlights the pivotal role of the industrial sector in diversifying the national economy and reducing dependence on oil. These events have reinforced the direction toward building a solid and integrated industrial base. The survey encompasses 741 industrial establishments across various activities, with non-metallic, chemical, and food industries being the most prominent. The report reveals the continued dominance of traditional industries, alongside a notable weakness in advanced and technology-driven sectors, such as electronics and pharmaceuticals. Small and medium-sized enterprises (SMEs) remain the weakest link in terms of investment and productivity, requiring targeted support policies to foster innovation and diversify industrial activity. Total industrial production in 2023 amounted to 5.07 billion Kuwaiti Dinars, showing a slight decline compared to the previous year. Data indicates weak growth in high value-added sectors, continued reliance on energy-related industries, and rising underutilized capacity, underscoring the need to enhance operational efficiency and maximize existing production capabilities.

On the investment side, the report shows an increase in capital expenditure, reaching 255.7 million Kuwaiti Dinars, though still concentrated in traditional sectors. It recommends redirecting investments toward qualitative industries, especially in technology, research and development, and local supply chains, thereby improving productivity and ensuring sustainable industrial growth. Regarding the labor market, the industrial sector employs around 109,000 workers, with total compensation reaching 784.5 million Kuwaiti Dinars. However, nationals account for only 11%, revealing a clear gap in localization and highlighting the urgent need for effective strategies in training, employment, and requalification of national human resources to boost their participation in this vital sector.

The report also evaluates industrial activities, identifying investment opportunities in sectors with a gap between high demand and limited domestic supply, such as equipment repair, leather products, transport equipment, and pharmaceuticals. It proposes localizing these industries in new industrial zones. Conversely, it notes surpluses in sectors such as chemicals and beverages, recommending that these be directed toward exports and product/market diversification. An

initial estimate of idle production capacity is also presented, showing gaps between maximum capacity and actual output. These gaps reflect operational efficiency challenges that should be addressed through better efficiency measures and revised business models.

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# Industrial Survey Report 2025

## Chapter 1: Overview of Kuwait's Economy

- I. Economic Growth
- II. Financial and Banking Sector
- III. Public Finance
- IV. External Transactions

## Chapter 1: Overview of Kuwait's Economy

Kuwait's economy is fundamentally reliant on oil revenues as the dominant driver of its production structure, while a significant portion of domestic demand is met through imports. These structural features have rendered the economy particularly vulnerable to global developments and external shocks. Over the past decade (2014-2024), Kuwait has weathered a series of major global disruptions that have tested the resilience of its economic foundations. Chief among these were the sharp decline in oil prices during 2014-2015 and its aftermath, the global COVID-19 pandemic in 2020, and the outbreak of the Russia-Ukraine war in early 2022, which triggered widespread repercussions across global, regional, and domestic markets. This was followed by a wave of global inflation and a cycle of monetary tightening between 2022 and 2024, as well as continued geopolitical instability in the Middle East extending into early 2025.

In this context, the present section of the report provides an overview of the performance of the Kuwaiti economy, with a particular focus on recent developments. It examines the economic consequences of global crises and oil price volatility, assesses the performance of the industrial sector as a core component of non-oil activity, and evaluates the progress of national efforts to diversify the economic base and reduce dependence on oil revenues. The section then outlines a conceptual framework for identifying the key economic and industrial indicators required for analyzing the findings of the 2024 industrial field survey. The following chapters of the report will present the main results of the field survey and assess their implications in detail.

### I. Economic Growth

In mid-2014, global oil prices began a sharp downward trajectory, falling from historically high levels above USD 100 per barrel to below USD 50 by early 2015. This decline had a significant impact on Kuwait's oil export revenues in the subsequent year. Data shows that total export earnings dropped from approximately KD 32.4 billion in 2013 to just KD 16.3 billion in 2015, largely due to a nearly 50% decline in oil export receipts over that period. The downward trend continued in 2016, with total exports falling further to around KD 14.0 billion. As a result, Kuwait's trade surplus (exports minus imports) shrank dramatically, dropping from around KD 24.1 billion in 2013 to just KD 4.7 billion in 2016, an approximate 80% contraction over three years, primarily driven by the oil price collapse. This had adverse effects on overall macroeconomic performance, as real GDP growth slowed to just 0.6% in 2015, largely due to a 0.7% contraction in oil output, despite the continued expansion of non-oil sectors at a rate of around 2.4%.

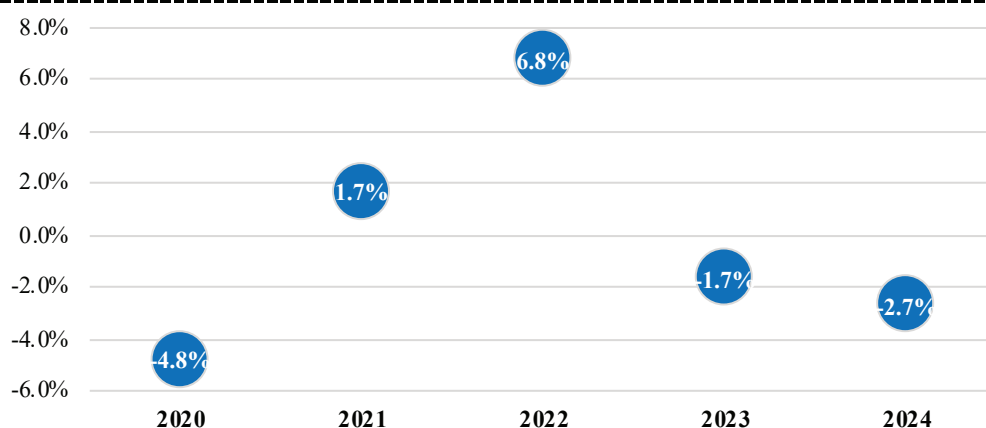
The challenges were not limited to the oil price shock. The global COVID-19 pandemic in 2020 constituted another major external shock with direct implications for Kuwait's economy. The pandemic caused widespread disruptions in economic activity both locally and internationally and was accompanied by a renewed collapse in oil prices in the second quarter of 2020. As a result of these dual shocks, the Kuwaiti economy contracted by approximately 4.8% in 2020 compared to the previous year. The trade surplus also fell to a historical low of just KD 3.7 billion in that year, reflecting both the global health crisis and the sharp decline in global oil demand. This led to substantial declines in both oil and non-oil export revenues.

Non-oil sectors were also affected, albeit to a lesser extent than the oil sector. During the lockdown periods of 2020, the non-oil economy contracted by approximately 0.8% due to restrictions on movement and social distancing measures. However, it rebounded in 2021, recording a growth rate of about 4.2% as public health measures were relaxed and economic activity gradually resumed. These consecutive shocks underscore the high degree of Kuwait's exposure to global economic cycles, where international slowdowns or external disruptions quickly reverberate through the domestic economy via the channels of oil prices and trade flows.

As global health conditions improved and oil demand began to recover, the year 2021 marked a clear turning point. Global oil prices rose, contributing to a real GDP growth rate of 1.7% in that year. Growth accelerated further in 2022, fueled by increased oil production and a surge in prices to levels not seen since 2014. The Kuwaiti economy recorded robust real growth of 6.8% in 2022, the highest in a decade, driven by a strong expansion in the oil sector, which grew by 12.1%. Non-oil GDP also expanded by around 1.6%, supported by the recovery of trade, transport, and service activities. This rebound pushed total exports back up to KD 30.6 billion in 2022, and the trade surplus recovered to a sizable KD 19.5 billion. Additionally, the government achieved its first fiscal surplus in nearly nine years—approximately KD 6.4 billion in the 2022/2023 fiscal year, thanks to the spike in oil revenues.

In 2023 and 2024, the Kuwaiti economy had largely recovered from the effects of the pandemic. However, global economic conditions remained challenging, with unfavorable geopolitical developments, persistent inflationary pressures, and global monetary tightening affecting economic performance worldwide. These factors, combined with Kuwait's voluntary oil production cuts under the OPEC+ agreements in 2023, led to a slowdown in domestic growth. Estimates indicate that real GDP contracted by around 1.7% in 2023 and further declined by approximately 2.7% in 2024, reflecting the combined effects of weaker oil prices, production adjustments, and continued global economic headwinds.

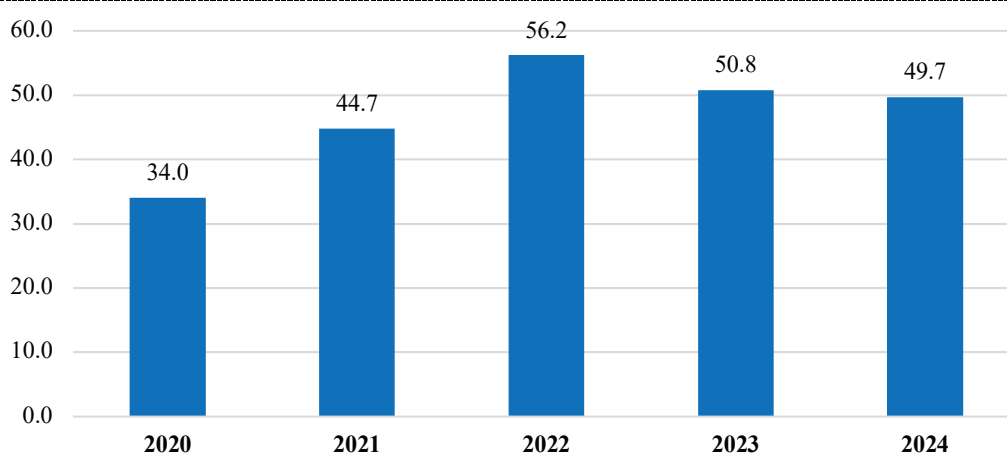
**Figure 1: Real GDP Growth for Kuwait**



Source: Central Statistical Bureau and IMF estimates.

With regard to developments in Kuwait's gross domestic product (GDP) at current market prices (nominal GDP), estimates from the International Monetary Fund (IMF) indicate that nominal GDP declined in 2024 due to the drop in global oil prices. The value of nominal GDP is estimated at approximately KD 49.7 billion in 2024, reflecting a decrease of around 2.1% compared to KD 50.8 billion in 2023, and down from KD 56.2 billion recorded in 2022.

**Figure 2: GDP at Current Market Prices of Kuwait (Billion KD)**

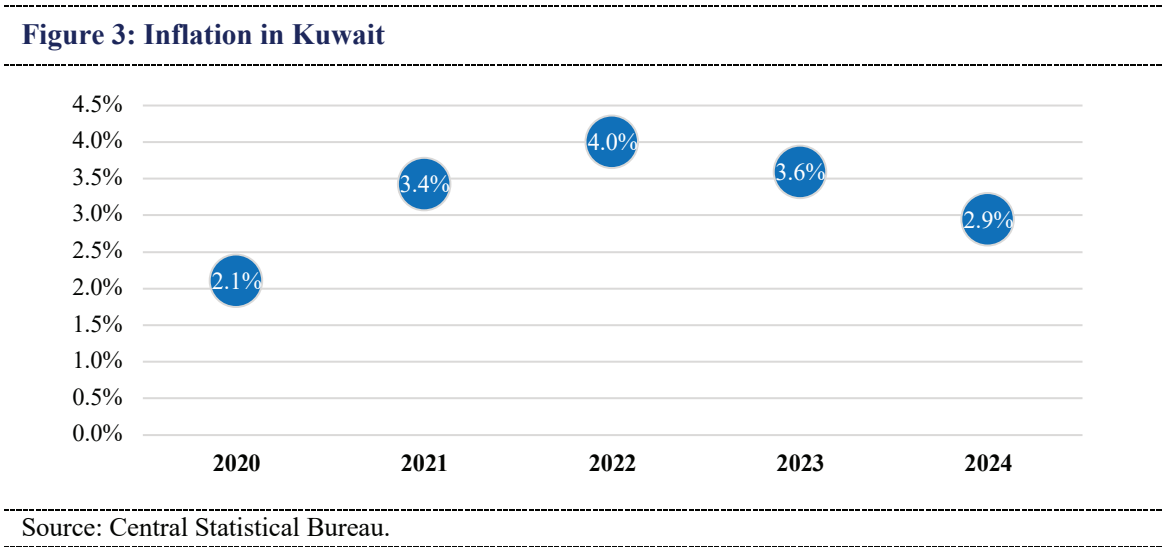


Source: Central Statistical Bureau and IMF estimates.

On another front, global inflation witnessed a gradual decline during 2023 and 2024 compared to the record levels reached in 2022. This decline was largely driven by tighter monetary policies implemented by major central banks, such as the U.S. Federal Reserve and the European Central Bank, through interest rate hikes aimed at curbing price increases. Additionally, improvements in global supply chains and a decline in energy and food commodity prices contributed to easing inflationary pressures.

Nevertheless, inflation remained elevated in some economies, primarily due to labor market disruptions and persistent geopolitical tensions that affected global commodity markets. As a result, many countries adopted cautious monetary strategies, seeking to stabilize inflation without undermining economic growth.

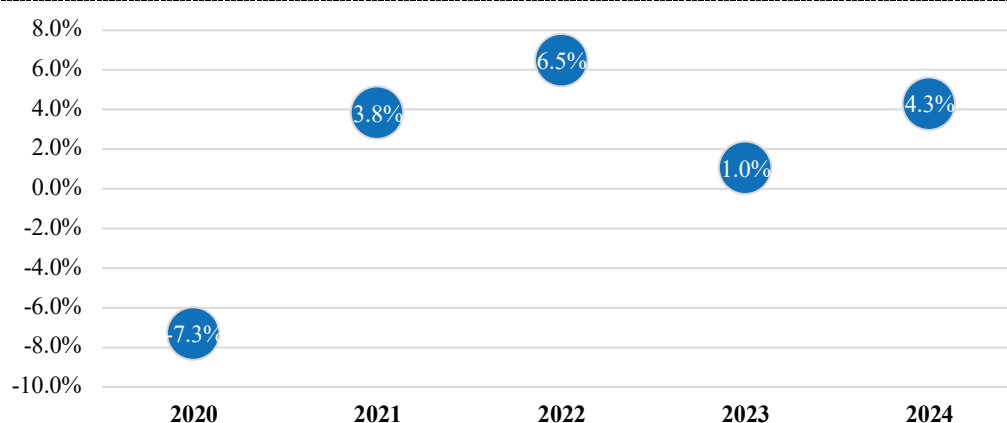
In Kuwait, the consumer price index (CPI)-based inflation rate decelerated in 2024, reaching approximately 2.9%, compared to around 3.6% in 2023 and 4.0% in 2022. Over the past five years, the average annual inflation rate stood at approximately 3.2%.



## II. Financial and Banking Sector

In 2023 and 2024, Kuwait witnessed notable monetary and banking developments, as the Central Bank of Kuwait implemented policies aimed at maintaining monetary and financial stability. In July 2023, the Central Bank raised the discount rate by 25 basis points to 4.25% in response to global interest rate trends. Subsequently, in September 2024, the Bank reduced the discount rate by 25 basis points to 4.00%, following a comprehensive assessment of both domestic and international economic conditions. These actions reflect the Central Bank of Kuwait's commitment to prudent monetary policy, focused on preserving monetary and financial stability while supporting the national economy amid evolving global and local challenges. On the monetary indicators front, broad money supply (M2) grew by 4.3% at the end of 2024, following a more modest increase of approximately 1.0% in 2023.

**Figure 4: Growth of Domestic Liquidity (M2)**



Source: Central Bank of Kuwait.

## III. Public Finance

Kuwait's public finances experienced significant developments over the past three fiscal years, shaped by various economic factors. In fiscal year 2022/2023, the country recorded a surplus of KD 6.4 billion, its first in several years, primarily driven by high oil prices. Total public revenues, the vast majority of which were oil-based, amounted to approximately KD 28.8 billion, while total expenditures stood at around KD 22.4 billion during that fiscal year. In contrast, the fiscal balance turned into a deficit of around KD 1.6 billion in 2023/2024, due to the decline in global oil prices, which significantly reduced oil revenues, the dominant source of government income. According to the 2024/2025 budget estimates, the fiscal deficit is projected to widen further.

to approximately KD 5.6 billion. These fiscal trends underscore Kuwait’s near-total reliance on oil revenues, making the national budget highly vulnerable to fluctuations in global oil markets.

**Table 1: General State Budget (Million KD)**

Fiscal Year	Revenue	Expenses	Surplus/ Deficit
2021/20	10520.2	21292.7	-10772.5
2022/21	18614.6	22955.1	-4340.6
2023/22	28801.9	22369.3	6432.6
2024/23	23644.3	25205.8	-1561.5
2025/24(Approved Budget)	18918.6	24555.0	-5636.4

Source: Ministry of Finance.

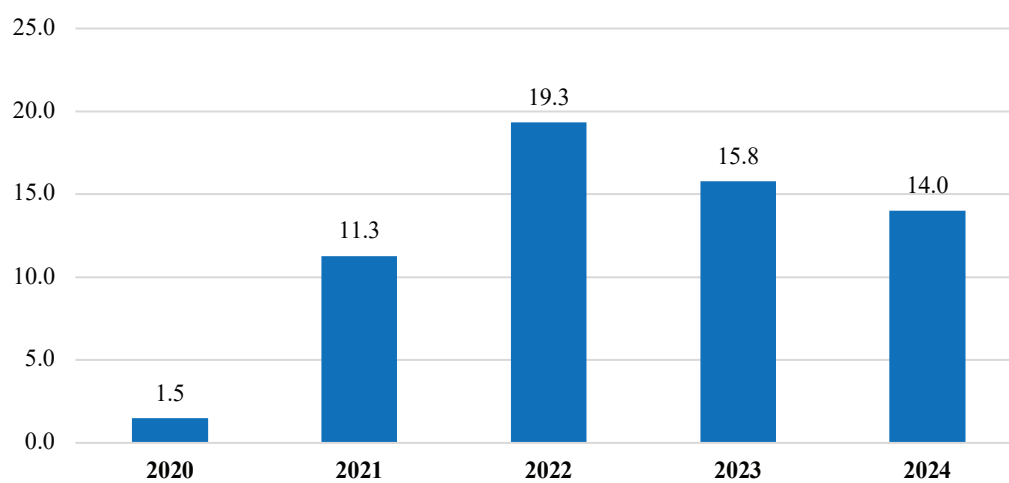
#### IV. External Transactions

Kuwait’s balance of payments has experienced notable fluctuations over the past three years, largely driven by changes in global oil prices and broader domestic and international economic conditions. In 2022, the current account surplus rose sharply to approximately KD 19.3 billion—an increase of 71.4% compared to the previous year. This surge was primarily due to a 78.0% increase in the merchandise trade surplus, which reached KD 19.5 billion, supported by a strong rise in export revenues amid the global economic recovery following the COVID-19 pandemic. in 2023, the current account surplus declined by 18.3% year-on-year to around KD 15.8 billion. This decrease was mainly attributed to a 27.2% drop in the merchandise trade surplus, which fell to KD 14.2 billion, reflecting lower oil export revenues resulting from the decline in average global oil prices during the year. for 2024, the current account surplus is projected to decline further by 11.2%, reaching approximately KD 14.0 billion. These trends underscore the significant influence of oil price volatility on Kuwait’s external position, given the economy’s heavy reliance on hydrocarbon revenues.

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**Figure 5: Current Account of the Balance of Payments (Billion KD)**

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Source: Central Bank of Kuwait and IMF estimates.

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## **Chapter 2: Industrial Firms**

- I. Number of Industrial Firms**
- II. Industrial Firms by Capital**
- III. Industrial Firms by Total Area**
- IV. Geographical Distribution of Industrial Firms**
- V. Industrial Firms by Size**

## Chapter 2: Industrial Firms

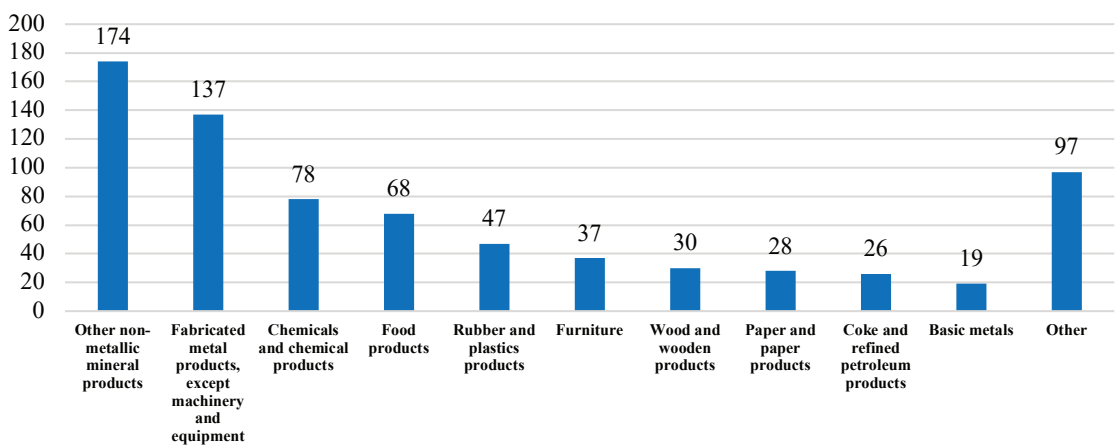
This chapter aims to present an overview of the industrial establishments in the State of Kuwait covered by the 2024 Industrial Survey. It outlines the distribution of these establishments by detailed industrial activity, based on the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4, issued by the United Nations. The chapter also provides a breakdown of establishments by geographic region, establishment size, and the types of automation systems in use. Additionally, it highlights the gaps in industrial activities (i.e., absent, or underrepresented industries) and presents an assessment of the application of industrial development standards at both the macro and micro levels within Kuwait.

### I. Number of Industrial Firms:

The 2024 Industrial Survey covered a total of 741 industrial establishments operating across all categories of industrial activity in the State of Kuwait. According to the International Standard Industrial Classification of All Economic Activities (ISIC Rev. 4), the sector with the largest number of establishments was “Other Non-Metallic Mineral Products,” comprising 174 establishments, which represents approximately 23.5% of the total surveyed. the second-largest sector was “Fabricated Metal Products, Except Machinery and Equipment,” with 137 establishments and a relative share of 18.5%, followed by the “Chemical and Chemical Products” sector, which included 78 establishments, accounting for 10.5% of the total number of industrial facilities surveyed in 2024.

In total, the top ten industrial sectors by number of establishments included 644 facilities, representing 86.9% of all industrial establishments covered by the survey. It is worth noting that the ISIC Rev. 4 classification, issued by the United Nations in 2009, contains a dedicated section for manufacturing industries, which is further subdivided into 24 distinct industrial sub-sectors.

**Figure 6: Number of Industrial Firms by Industrial Sectors**

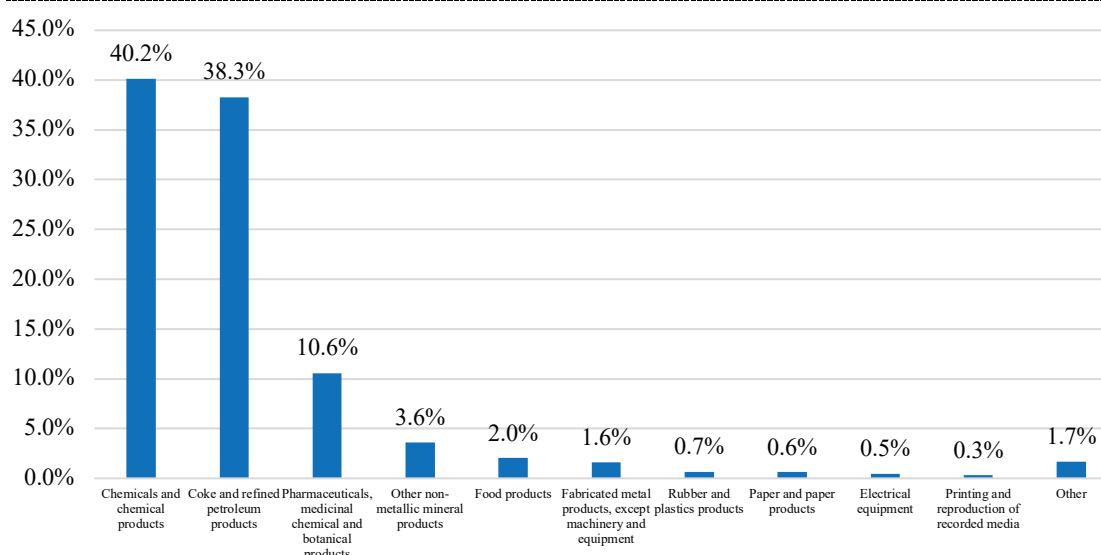


Source: Public Authority for Industry.

## II. Industrial Firms by Capital:

The total capital of the industrial establishments covered by the 2024 Industrial Survey amounted to approximately KD 17,287.7 million as of the end of 2023. Among the leading sectors in terms of capital value, the “Chemical and Chemical Products” sector ranked first, with total capital estimated at KD 6,941.1 million, accounting for approximately 40.2% of the overall industrial capital. It was followed by the “Coke and Refined Petroleum Products” sector, with capital amounting to KD 6,618.2 million or about 38.3% of the total. In third place was the “Pharmaceuticals and Medicinal Products” sector, with capital valued at KD 1,828.7 million, representing around 10.6% of the total capital. collectively, the top ten industrial sectors in terms of capital contributed approximately KD 16,997.9 million, equivalent to 98.3% of the total capital of all industrial establishments included in the 2024 survey.

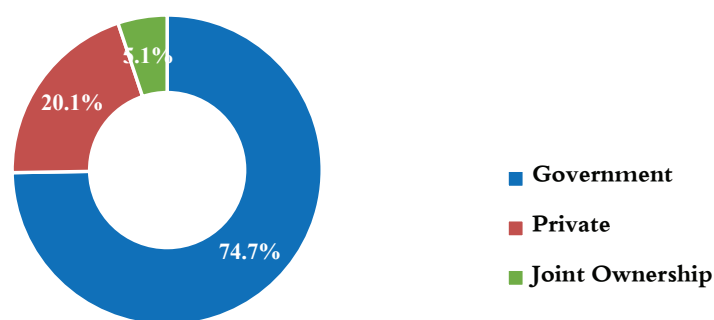
**Figure 7: Industrial Firms by Capital Value (% of Total)**



Source: Public Authority for Industry.

With regard to the ownership structure of industrial capital (investments), the results of the current Industrial Survey show that capital ownership was distributed among government, private, and joint (public-private) ownership. Government ownership accounted for the largest share, representing approximately 74.7% of total industrial capital, with a value of KD 12,920.1 million. Private ownership contributed around 20.1%, amounting to KD 3,480.0 million, while joint ownership between public and private entities made up approximately 5.1%, with a capital value of KD 887.6 million.

**Figure 8: Industrial Firms as Capital Ownership (% of Total)**

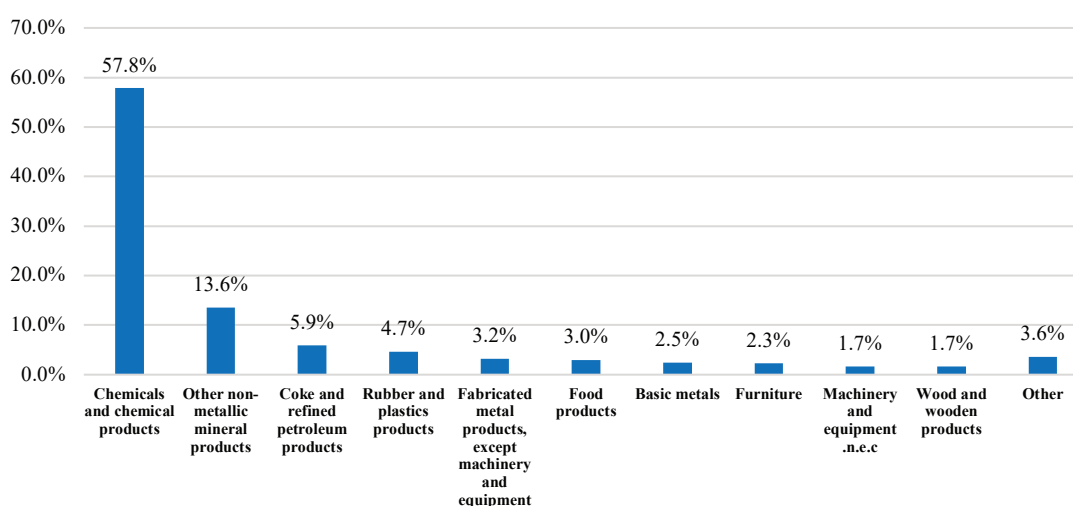


Source: Public Authority for Industry.

### III. Industrial Firms by Total Area:

The total area occupied by industrial establishments covered in the 2024 Industrial Survey amounted to approximately 34.5 million square meters. Among the leading sectors by land area, the “Chemical and Chemical Products” sector ranked first, occupying around 19.9 million square meters, which represents approximately 57.8% of the total industrial area. In second place was the “Other Non-Metallic Mineral Products” sector, with a total area of roughly 4.7 million square meters, accounting for about 13.6% of the overall area. This was followed by the “Coke and Refined Petroleum Products” sector, which covered an area of 2.0 million square meters, or approximately 5.9% of the total. Altogether, the top ten industrial sectors by area accounted for nearly 33.2 million square meters, representing approximately 96.4% of the total area occupied by all industrial establishments included in the survey.

**Figure 9: Industrial Firms by Spaces (% of total)**



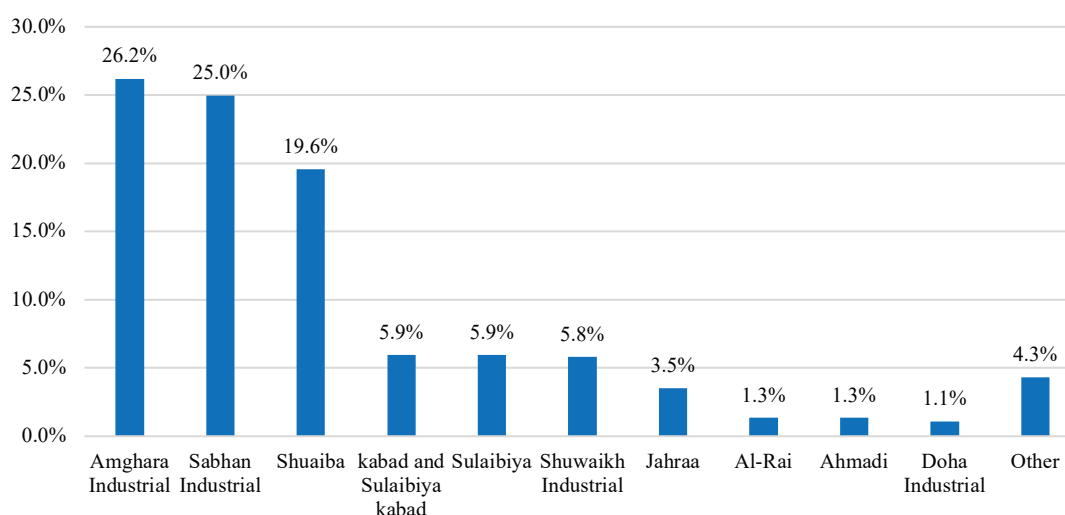
Source: Public Authority for Industry.

## IV. Geographical Distribution of Industrial Firms:

The results of the 2024 Industrial Survey indicate that the majority of industrial establishments are concentrated in four main industrial zones. Leading among them is Amghara Industrial Area, located in the Al-Jahra Governorate, which hosts 194 industrial establishments, accounting for approximately 26.2% of the total number of establishments surveyed. The main industrial activities in this area include wood products, chemical materials and products, other non-metallic mineral products, fabricated metal products (excluding machinery and equipment), furniture, and others. The second most significant zone in terms of the number of industrial establishments is Sabhan Industrial Area, located in the Mubarak Al-Kabeer Governorate, with 185 establishments, representing around 25.0% of the total surveyed. This area hosts a wide range of industrial activities, most notably the production of food products, beverages, textiles, wood products, chemical products, metal products, furniture, and more.

In third place is the Shuaiba Industrial Area (East and West), located in the Ahmadi Governorate, with 145 establishments, constituting about 19.6% of the total. The dominant activities in this area include chemical products, rubber and plastics, wood products, and metal and mineral products, among others. In addition to these zones, several other areas also host a significant number of industrial establishments. Altogether, the top ten industrial areas in terms of establishment count include 709 facilities, which represent approximately 95.7% of all industrial establishments covered in the 2024 Industrial Survey across the State of Kuwait.

**Figure 10: Industrial Firms by Area (% of total)**



Source: Public Authority for Industry.

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V. Industrial Firms by Size:

The number of small industrial establishments, defined as those with capital not exceeding KD 250,000, stood at 139 establishments, representing 18.8% of the total number of industrial facilities. Their combined capital amounted to approximately KD 21.1 million, accounting for only 0.1% of the total capital of all industrial establishments. Meanwhile, medium-sized industrial establishments, defined as those with capital not exceeding KD 500,000, totaled 141 establishments, representing around 19.0% of the total. Their combined capital reached about KD 59.1 million, or roughly 0.3% of the total capital.

In contrast, large industrial establishments numbered 461, comprising 62.2% of all industrial establishments. Their combined capital amounted to approximately KD 17,207.5 million, representing a dominant 99.5% of the total capital of all industrial establishments included in the 2024 Industrial Survey.

Table 2: Industrial Firms by size (Small- Medium-Large)

Statement	Number of Firms	Capital (Million KD)	Number of Kuwaiti Workers
Small Firms	139	21.1	270
Medium Firms	141	59.1	273
Large Firms	461	17207.5	11404
Total of Industrial Firms	741	17287.7	11947

Source: Public Authority for Industry.



03

## **Chapter 3: Industrial Production**

- I. Sales of the Industrial Sector**
- II. Industrial Production**
- III. Third: Intermediate Inputs (Requirements for Industrial Production)**
- IV. Fourth: Value Added of the Industrial Sector**

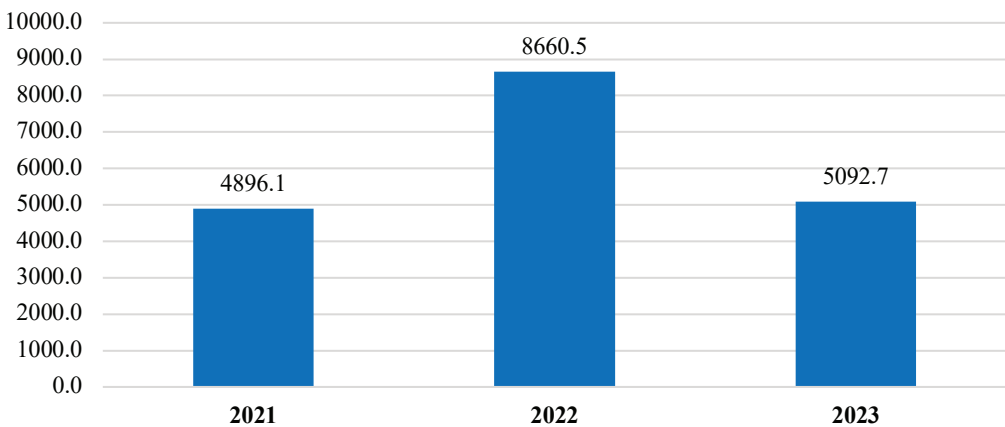
### Chapter 3: Industrial Production

This chapter discusses the summary analysis of industrial production indicators based on the 2024 industrial survey results, including the evolution of the volume of production and relative structure of production by industrial sector, sales value, and added value of the industrial sector with the extent of its contribution to the gross domestic product.

#### I. Sales of the Industrial Sector:

The concept of industrial sales value refers to the total value of all goods and services sold by an industrial establishment. This includes total domestic sales, government sales, and exports of industrial products to foreign markets. In 2023, the total sales value of industrial establishments amounted to approximately KD 5,092.7 million, marking a significant decrease of KD 3,567.8 million, or 41.2%, compared to 2022, when total sales reached KD 8,660.5 million.

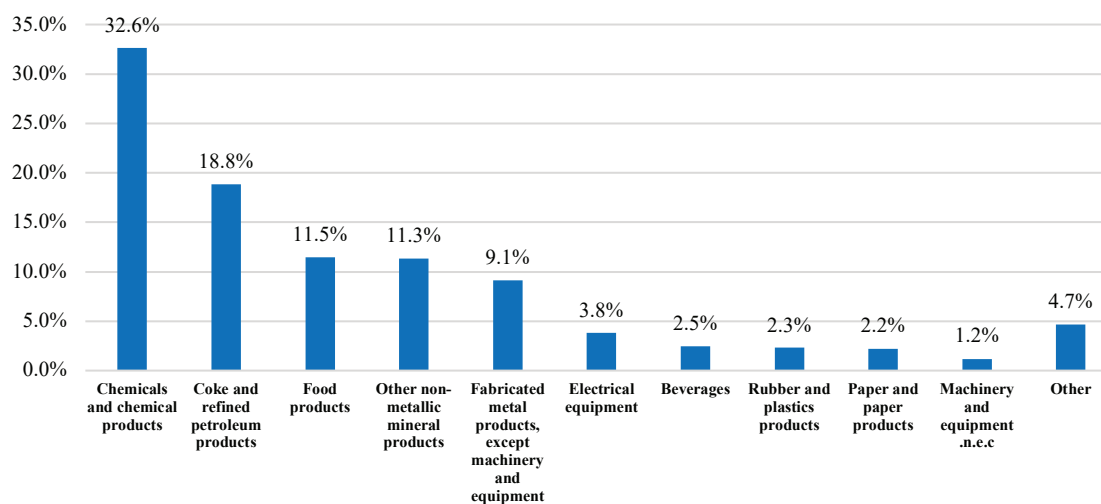
**Figure 11: Industrial Sales (Million KD)**



Source: Public Authority for Industry.

The “Chemical and Chemical Products” sector recorded the highest sales value among all industrial sectors in 2023, with sales reaching approximately KD 1,661.2 million, accounting for 32.6% of total industrial sales. It was followed by the “Coke and Refined Petroleum Products” sector, which recorded sales of KD 959.0 million, or 18.8% of the total. The “Food Products” sector ranked third, with sales amounting to KD 583.2 million, representing 11.5% of total industrial sales in 2023. Altogether, the top ten industrial sectors contributed approximately KD 4,855.5 million in sales, accounting for nearly 95.3% of the total value of sales generated by industrial establishments during the year.

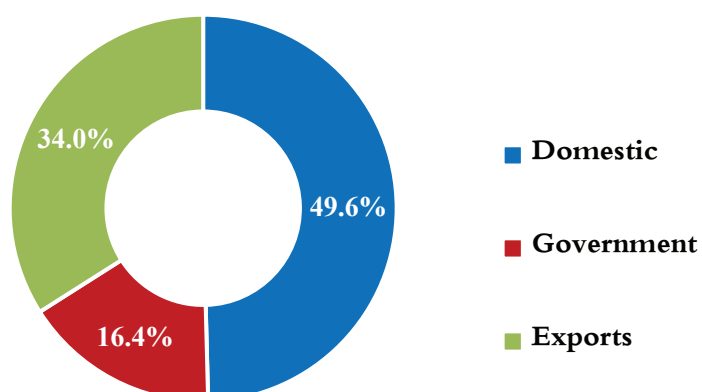
**Figure 12: The Industrial Firms by Sales Value in 2023 (% of total)**



Source: Public Authority for Industry.

With regard to the distribution of total manufacturing sector sales by market destination in 2023, sales directed toward the domestic market amounted to approximately KD 2,525.4 million, representing 49.6% of total industrial sales. Export sales ranked second, totaling around KD 1,731.4 million, or 34.0% of the total, while sales to the government sector reached KD 835.9 million, accounting for 16.4% of total industrial sales in 2023.

**Figure 13: Total sales Structure for Industrial Sector in 2023 (% of total)**

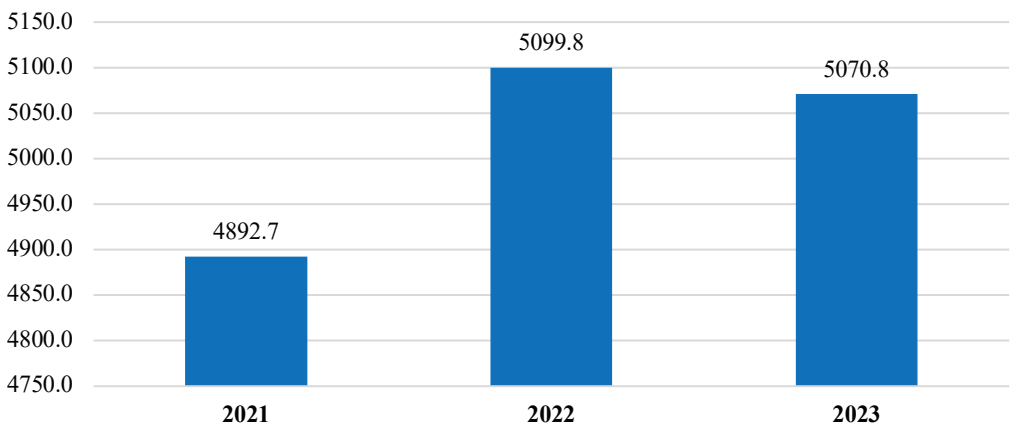


Source: Public Authority for Industry.

II. Industrial Production:

Industrial production value is defined as the value of goods and services produced during a specified period, typically one year, as a result of the industrial establishment’s productive activities. It is calculated as the value of sales plus the change in inventory value. in 2023, the total value of industrial production recorded a slight decline of KD 29.0 million, or 0.6%, reaching approximately KD 5,070.8 million, compared to KD 5,099.8 million in 2022 and KD 4,892.7 million in 2021.

Figure 14: Industrial Production (Million KD)



Source: Public Authority for Industry.

III. Third: Intermediate Inputs (Requirements for Industrial Production):

The value of intermediate inputs in the manufacturing sector reached approximately KD 2,654.8 million in 2023, reflecting an increase of around KD 99.1 million, or 3.9%, compared to KD 2,555.8 million in 2022. This rise was primarily driven by an increase in the cost of raw materials and production inputs, including changes in their inventories, which account for approximately 80.3% of total intermediate input costs. These costs rose by KD 79.8 million or 3.9%, reaching KD 2,053.3 million in 2023. Additionally, the cost of fuel and energy consumption, which represents around 4.2% of total intermediate inputs, increased by KD 5.0 million or 4.8%, reaching KD 110.8 million. There was also a rise in expenditures on rentals, maintenance, spare parts, and other services, which contributed roughly 15.5% of total intermediate inputs. These costs grew by KD 14.2 million, or 3.6%, reaching KD 410.9 million in 2023.

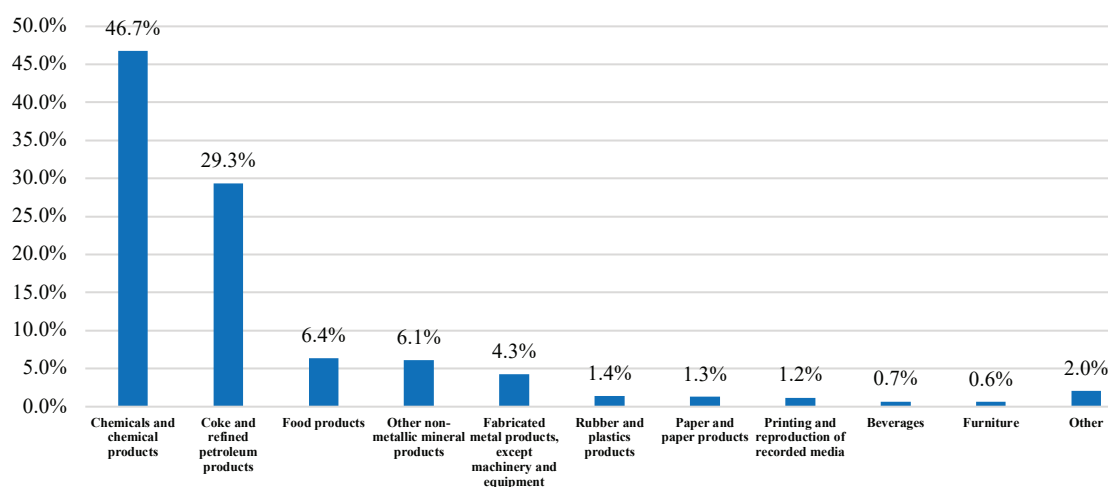
**Table 3: Value of Intermediate Inputs for Industrial Production (Million KD)**

Statement	2021	2022	2023
▪ Cost of raw materials and production requirements	1771.6	2053.3	2133.1
▪ Consumption costs of fuel and fuels	100.9	105.8	110.8
▪ Rental, maintenance, and other costs	387.9	396.7	410.9
<b>Total intermediate Inputs</b>	<b>2260.4</b>	<b>2555.8</b>	<b>2654.8</b>

Source: Public Authority for Industry.

#### IV. Fourth: Value Added of the Industrial Sector:

The results of the 2024 Industrial Survey indicate that the value added by the manufacturing sector amounted to approximately KD 2,416.0 million in 2023, marking a decline of around KD 128.1 million, or 5.0%, compared to KD 2,544.0 million in 2022. among the various sectors, “Chemical and Chemical Products” recorded the highest contribution to value added, with approximately KD 1,129.1 million, accounting for 46.7% of the total value added in the manufacturing sector in 2023. This was followed by the “Coke and Refined Petroleum Products” sector, which contributed KD 708.6 million or 29.3% of the total, and the “Food Products” sector, with KD 153.6 million, representing 6.4% of the total manufacturing value added. collectively, the top ten manufacturing sectors contributed approximately KD 2,366.6 million, equivalent to nearly 98.0% of the total value added generated by the industrial establishments covered in the 2023 survey.

**Figure 15: Relative Importance of Industrial Firm by Value Added in 2023 (% of Total)**

Source: Public Authority for Industry.

04

# **Chapter 4: Industrial Investment**

**I. Non-financial Assets of Industrial Firms**

**II. Capital Spending in the Industrial Sector**



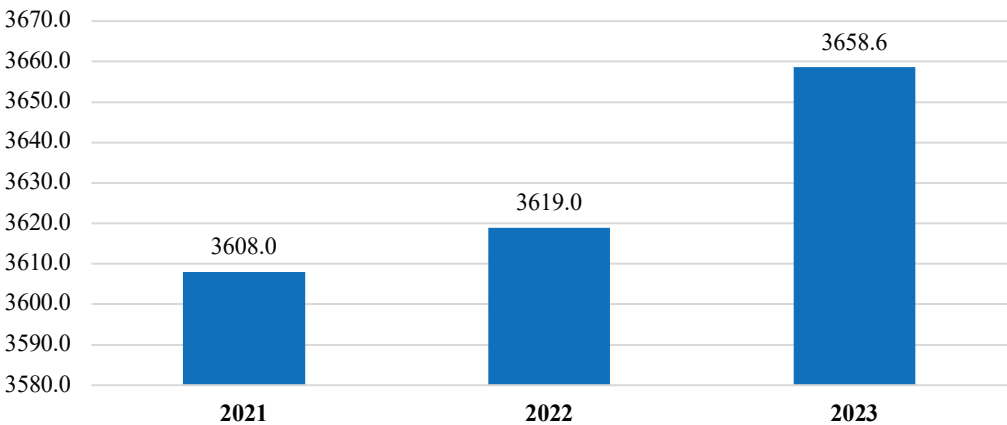
## Chapter 4: Industrial Investment

This chapter focuses on the analytical indicators derived from the 2024 survey of industrial firms, including indicators of non-financial assets of industrial firms, their distribution and structure, and size of investment spending.

### I. Non-financial Assets of Industrial Firms:

The value of non-financial assets of industrial establishments refers to the book value of assets such as non-residential and residential buildings, other constructions owned by the establishment, as well as machinery, equipment, transportation vehicles, and other tangible non-financial assets. According to the results of the industrial survey, the total value of non-financial assets held by industrial establishments reached approximately KD 3,658.6 million at the end of 2023, reflecting an increase of around KD 39.6 million, or 1.1%, compared to KD 3,619.0 million in 2022. This value had also risen by about KD 10.9 million, or 0.3%, in 2022 compared to 2021.

**Figure 16: Value of Non-Financial Assets of Industrial Firm (Million KD)**



Source: Public Authority for Industry.

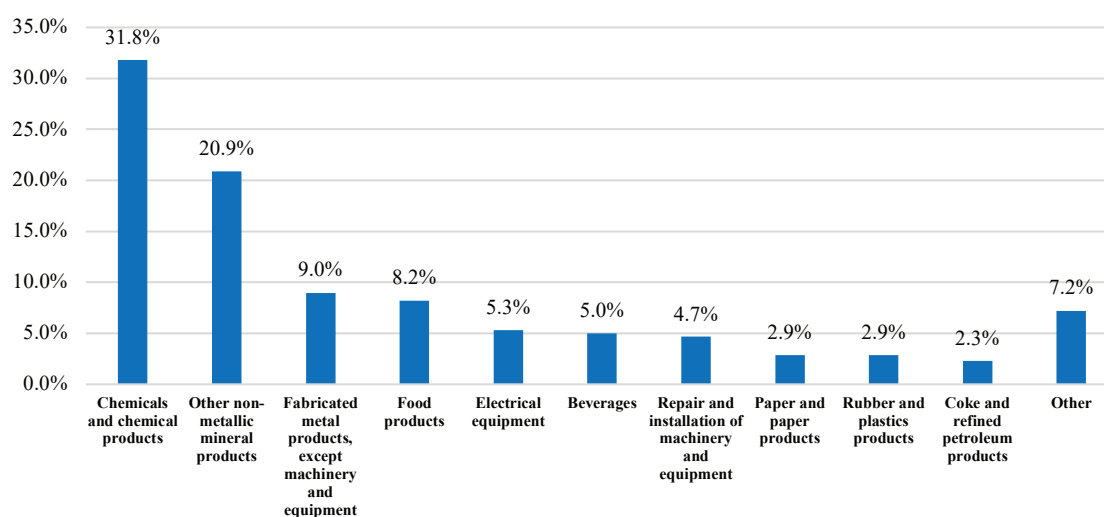
Regarding the structure of non-financial assets held by industrial establishments, these assets comprise various components. In 2023, machinery and equipment accounted for the largest share, with a total value of approximately KD 2,160.9 million, representing 59.1% of total non-financial assets. This was followed by buildings, with a value of around KD 1,005.0 million, or 27.5% of the total, and transportation vehicles, which were valued at approximately KD 189.0 million, accounting for 5.2% of the total non-financial assets of industrial establishments.

**Table 4: Non-Financial Assets of Industrial Firm (Million KD)**

Statement	2021	2022	2023
▪ Buildings	963.4	964.8	1005.0
▪ Machinery and equipment	2155.0	2131.5	2160.9
▪ Transportation	171.3	180.7	189.0
▪ Other	318.4	342.0	303.7
<b>Total non-financial assets</b>	<b>3608.0</b>	<b>3619.0</b>	<b>3658.6</b>

Source: Public Authority for Industry.

In terms of the distribution of non-financial assets by industrial sector in 2023, the “Chemical and Chemical Products” sector ranked first, with total non-financial assets amounting to approximately KD 1,162.9 million, representing 31.8% of the overall assets of industrial establishments at the end of 2023. it was followed by the “Other Non-Metallic Mineral Products” sector, with assets totaling KD 764.9 million, or 20.9% of the total, and the “Fabricated Metal Products, Except Machinery and Equipment” sector, with KD 328.0 million, accounting for 9.0% of total non-financial assets. collectively, the top ten industrial sectors accounted for approximately KD 3,395.6 million, representing 92.8% of the total non-financial assets of all industrial establishments.

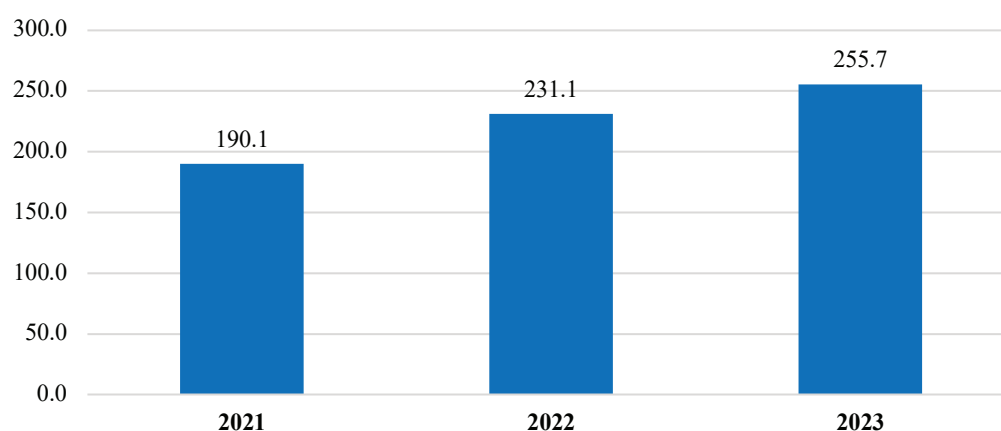
**Figure 17: Non-Financial Assets of Industrial Firm by Sector in 2023 (% of Total)**

Source: Public Authority for Industry.

## II. Capital Spending in the Industrial Sector:

According to the results of the 2024 Industrial Survey, capital expenditure by industrial establishments aimed at expanding production reached approximately KD 255.7 million in 2023, marking an increase of KD 24.6 million, or 10.7%, compared to KD 231.1 million in 2022. This followed a previous rise of KD 41.0 million, or 21.6%, in 2022 compared to 2021.

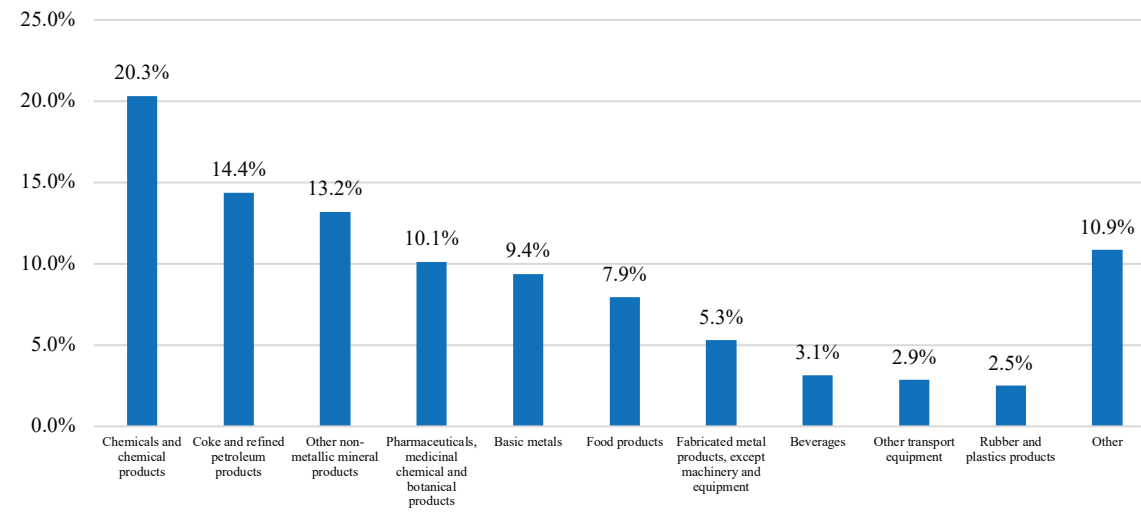
**Figure 18: Value of Capital Expenditure for Industrial Firm (Million KD)**



Source: Public Authority for Industry.

In terms of the distribution of capital expenditure by industrial establishments across sectors in 2023, the “Chemical and Chemical Products” sector ranked first, with spending totaling approximately KD 52.0 million, accounting for 20.3% of total industrial capital expenditure. It was followed by the “Coke and Refined Petroleum Products” sector, with KD 36.8 million or 14.4% of the total, and the “Other Non-Metallic Mineral Products” sector, which recorded KD 33.7 million, representing 13.2%. The top ten industrial sectors accounted for approximately KD 227.9 million, or 89.1% of the total capital expenditure. This spending included investments in buildings, machinery, equipment, transport vehicles, and other related assets.

**Figure 19: Capital Expenditure for Industrial Firm by Sector in 2023 (% of Total)**



Source: Public Authority for Industry.

05

# **Chapter 5:**

## **Exports and Imports in the Industrial Sector**

- I. Exports of Industrial Sector**
- II. Imports of Industrial Sector**

## Chapter 5: Exports and Imports in the Industrial Sector

This chapter presents the analytical indicators derived from the 2024 survey concerning exports and imports in the industrial sector. It includes indicators on the number of exporting firms and the values of imports and exports per sector. It also includes the geographical distribution of these exports, as well as details on the import of production inputs.

### I. Exports of Industrial Sector:

The results of the 2024 Industrial Survey indicate that 174 industrial establishments were engaged in export activities, representing approximately 23.5% of the total number of industrial establishments. notably, the “Leather and Related Products” sector and the “Pharmaceuticals and Medicinal Products” sector recorded the highest export intensity, with 100% of establishments within each sector engaged in exports. These were followed by the “Computers, Electronic and Optical Products” sector, where 66.7% of establishments were classified as exporters.

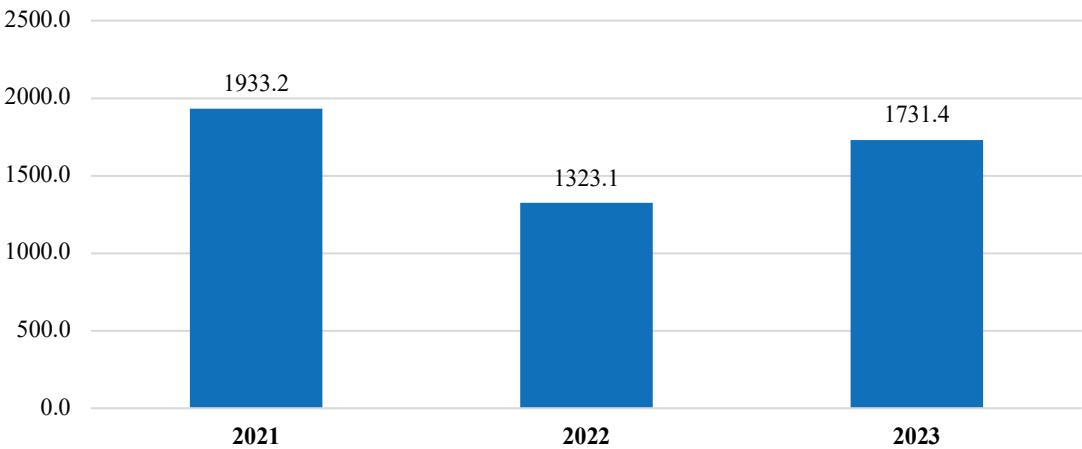
**Table 5: Number and Percentage of Exported Firms by Sector in 2023**

Activity	Number of establishments	Number of exporting establishments	%
Leather and related products	3	3	100.0%
Pharmaceuticals, medicinal chemicals, and botanical products	1	1	100.0%
Computer, electronic and optical products	3	2	66.7%
Beverages	10	5	50.0%
Paper and paper products	28	14	50.0%
Chemicals and chemical products	78	37	47.4%
Food products	68	31	45.6%
Textiles	9	4	44.4%
Machinery and equipment .N.E.C.	13	4	30.8%
Rubber and plastics products	47	14	29.8%
Basic metals	19	5	26.3%
Other manufacturing	4	1	25.0%
Coke and refined petroleum products	26	5	19.2%
Fabricated metal products, except machinery and equipment	137	26	19.0%
Wood and wooden products	6	1	16.7%
Electrical equipment	30	5	16.7%
Wearing apparel	18	3	16.7%
Furniture	37	5	13.5%
Other non-metallic mineral products	174	8	4.6%
Printing and reproduction of recorded media	17	0	0.0%
Motor vehicles, trailers, and semi-trailers	6	0	0.0%
Repair and installation of machinery and equipment	3	0	0.0%
Other transport equipment	4	0	0.0%
<b>Total</b>	<b>741</b>	<b>174</b>	<b>23.5%</b>

Source: Public Authority for Industry.

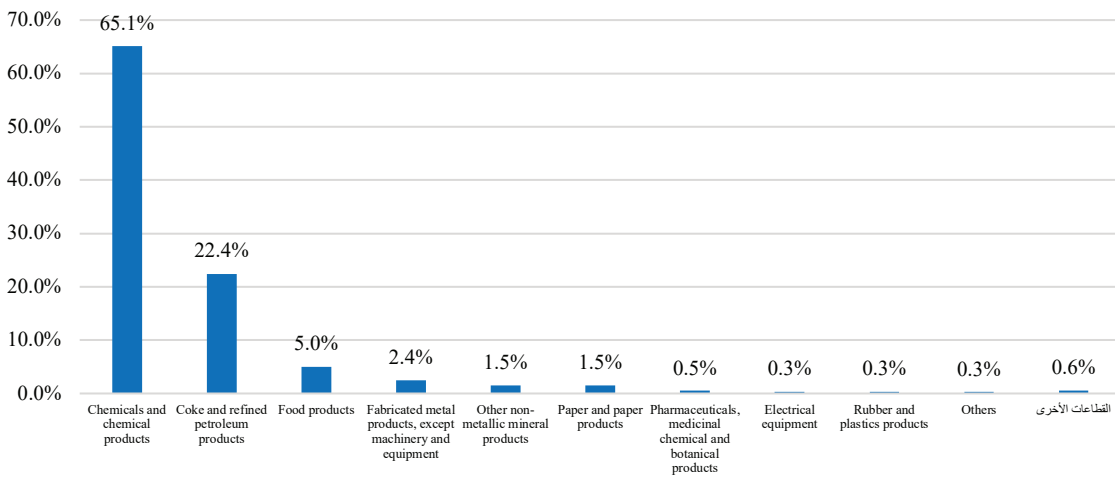
In 2023, the total value of industrial exports reached approximately KD 1,731.4 million, compared to KD 1,323.1 million in 2022—an increase of KD 408.3 million, or 30.9%. The “Chemical and Chemical Products” sector led all others in export value, with exports totaling KD 1,126.7 million, accounting for 65.1% of total industrial exports in 2023. It was followed by the “Coke and Refined Petroleum Products” sector, with KD 388.5 million, or 22.4% of the total, and the “Food Products” sector, with KD 87.3 million, representing 5.0% of total industrial exports.

**Figure 20: Industrial Sector Exports (Million KD)**



Source: Public Authority for Industry.

**Figure 21: Value of Industrial Exports by Sector in 2023 (Million KD)**



Source: Public Authority for Industry.



According to the results of the 2024 Industrial Survey, exports to international markets (excluding Arab and GCC countries) amounted to approximately KD 1,232.8 million in 2023, accounting for 71.2% of total industrial exports. exports to GCC countries reached about KD 326.2 million, representing 18.8% of the total, while exports to other Arab countries (excluding GCC states) totaled KD 172.4 million, or 10.0% of total industrial exports for the year.

**Table 6: Geographical Distribution of Industrial Exports (Million KD)**

Statement	2021	2022	2023
Gulf Export	336.7	787.5	326.2
Arab Export	148.0	361.9	172.4
International Export	1448.4	173.6	1232.8
<b>Total</b>	<b>1933.2</b>	<b>1323.1</b>	<b>1731.4</b>

Source: Public Authority for Industry.

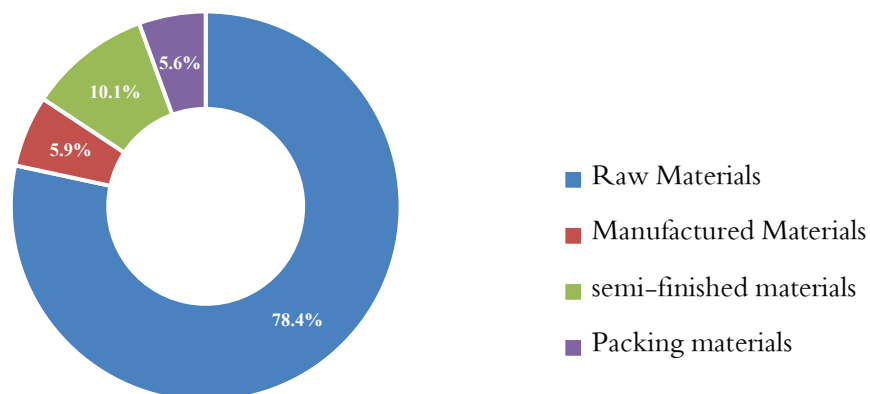
With regard to the ratio of industrial exports to total production across various industrial sectors, this ratio reached 34.1% for the overall industrial sector in 2023, compared to 25.9% in 2022 and 39.5% in 2021. At the sectoral level in 2023, the highest export-to-production ratios were recorded in the “Chemical and Chemical Products” sector at 68.4%, and the “Coke and Refined Petroleum Products” sector at 40.5%, reflecting the strong outward orientation of these industries toward international markets.

## II. Imports of Industrial Sector:

The industrial sector’s imports primarily consist of raw materials required for the production process. In 2023, the total value of these imports amounted to approximately KD 1,170.0 million, accounting for 55.4% of the total cost of raw materials for that year. These industrial imports are categorized into four main components:

- Primary raw materials, valued at KD 917.0 million, representing 78.4% of total imported raw materials;
- Semi-manufactured materials, with a value of KD 118.7 million, or 10.1% of the total;
- Finished materials, amounting to KD 69.3 million, or 5.9%;
- And packaging materials, valued at KD 64.9 million, accounting for 5.6% of total imported raw materials in 2023.

**Figure 22: Relative Structure for cost of Imported Raw Materials in 2023 (% of Total)**



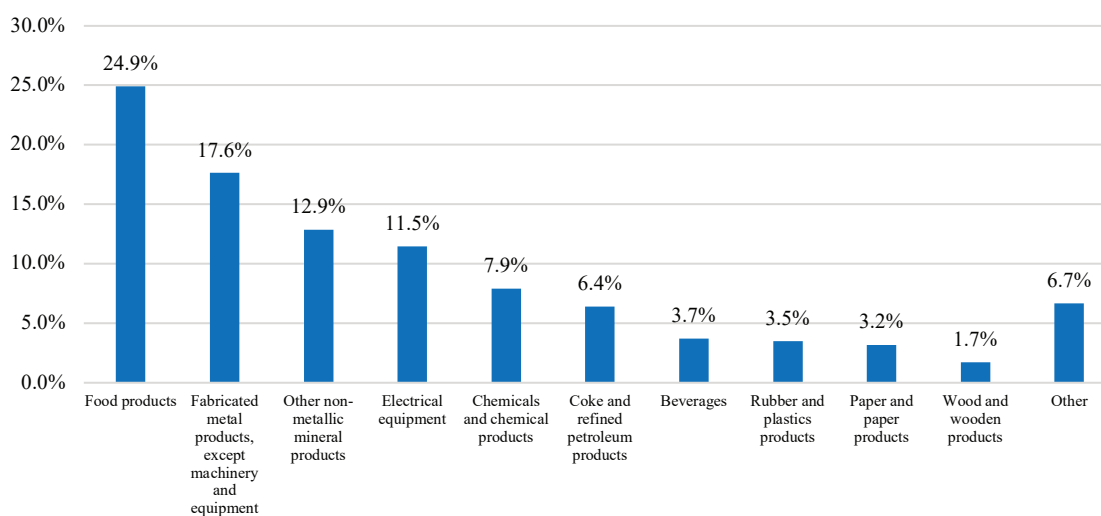
Source: Public Authority for Industry.

According to the distribution of imported raw materials by industrial sector, the “Food Products” sector recorded the highest value of imports in 2023, amounting to approximately KD 291.8 million, or 24.9% of the total raw materials imported by the industrial sector.

This was followed by the “Fabricated Metal Products, Except Machinery and Equipment” sector, with imports totaling KD 206.4 million, representing 17.6% of the total, and the “Other Non-Metallic Mineral Products” sector, with KD 150.5 million, or 12.9% of total raw material imports.

Collectively, the top ten importing sectors accounted for approximately KD 1,091.9 million, equivalent to 93.3% of all raw material imports in the industrial sector during the referenced year.

**Figure 23: Industrial Imports by Sector in 2023 (% of Total)**



Source: Public Authority for Industry.

06

# **Chapter 6:**

## **Employment in the Industrial Sector**

**Employment in the Industrial Sector**

**Compensation for Workers in Industrial Firms**

**National Employment in the Industrial Sector**

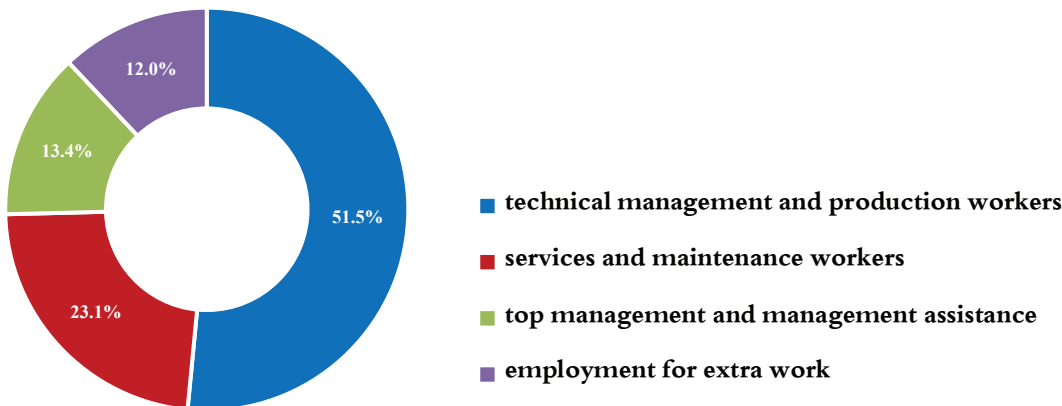
## Chapter 6: Employment in the Industrial Sector

This chapter focuses on several indicators related to employment in the industrial sector based on the 2024 survey, including those related to upper and middle management, technical management and production, regular employees, and other types of employees hired for extra work. It also shows employment statistics with regard to nationality and amounts of employee compensation including wages, salaries, and various types of benefits.

### I. Employment in the Industrial Sector:

According to the results of the 2024 Industrial Survey, the total number of workers employed in the industrial sector—based on the companies covered by the survey that reported their employment figures—reached approximately 109,000 workers, distributed across various industrial activities. In terms of employment structure, “technical staff and production workers” constituted the largest share, accounting for around 51.5% of the total industrial workforce, with approximately 56,200 workers. This was followed by “service and maintenance workers,” representing about 23.1%, or 25,200 workers. the “senior and administrative management” category accounted for 13.4%, with around 14,600 workers, while “supplementary labor”, those employed in additional or support roles, numbered approximately 13,100 workers, making up 12.0% of the total industrial workforce.

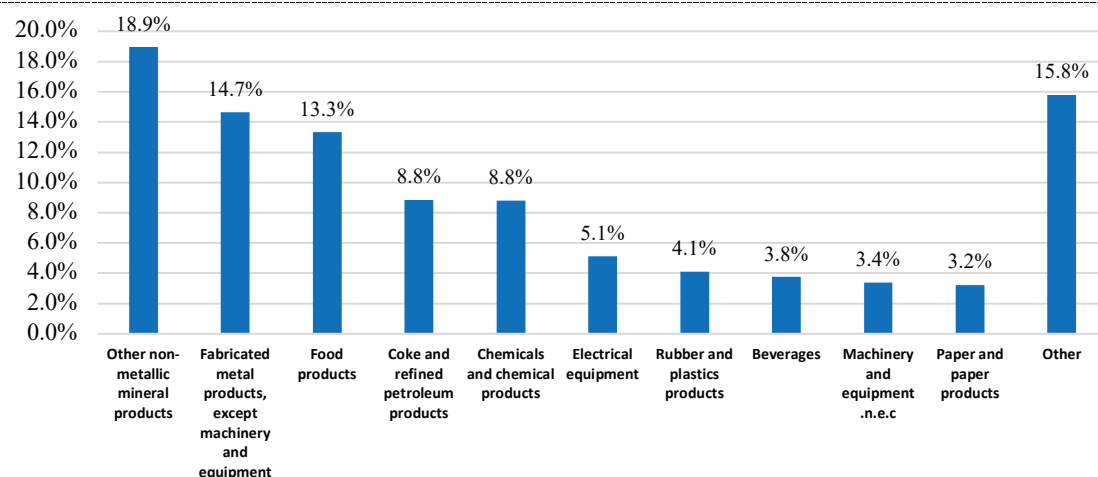
**Figure 24: Employment in Industrial Sector by Occupational Classification (% of Total)**



Source: Public Authority for Industry.

As for the distribution of industrial employment by sector, the “Other Non-Metallic Mineral Products” sector ranked first in terms of employment, with approximately 10,600 workers, representing 18.9% of total industrial employment. It was followed by the “Fabricated Metal Products, Except Machinery and Equipment” sector, which employed about 16,000 workers, or 14.7% of the total, and the “Food Products” sector, with approximately 14,500 workers, accounting for 13.3% of overall employment in the industrial sector. Collectively, the top ten industrial sectors employed approximately 91,800 workers, representing 84.2% of the total workforce in the industrial sector, according to the results of the 2024 Industrial Survey.

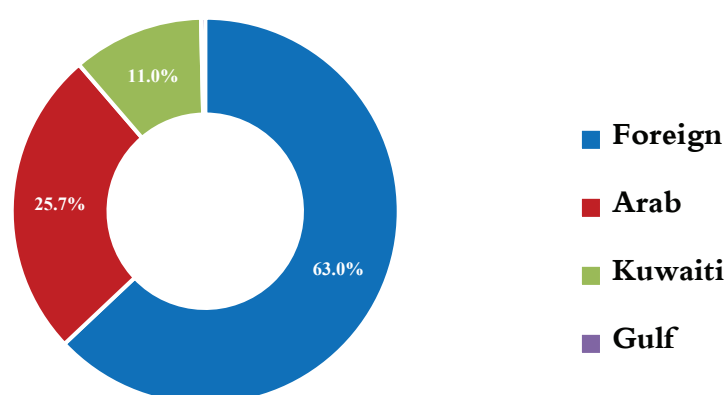
**Figure 25: Employment in the Industrial Sector by Activities (% of Total)**



Source: Public Authority for Industry.

With regard to the distribution of industrial employment by nationality (Kuwaiti, GCC, Arab, and foreign), the results of the Industrial Survey show that foreign workers ranked first, totaling approximately 68,600 workers, and accounting for 63.0% of the total industrial workforce. Arab workers ranked second, with about 28,000 workers, or 25.7% of the total, followed by Kuwaiti nationals, who numbered approximately 11,900 workers, representing 11.0%. Finally, GCC nationals (excluding Kuwaitis) accounted for around 400 workers, or 0.4% of the total industrial workforce.

**Figure 26: Employment in the Industrial Sector by Nationality (% of Total)**



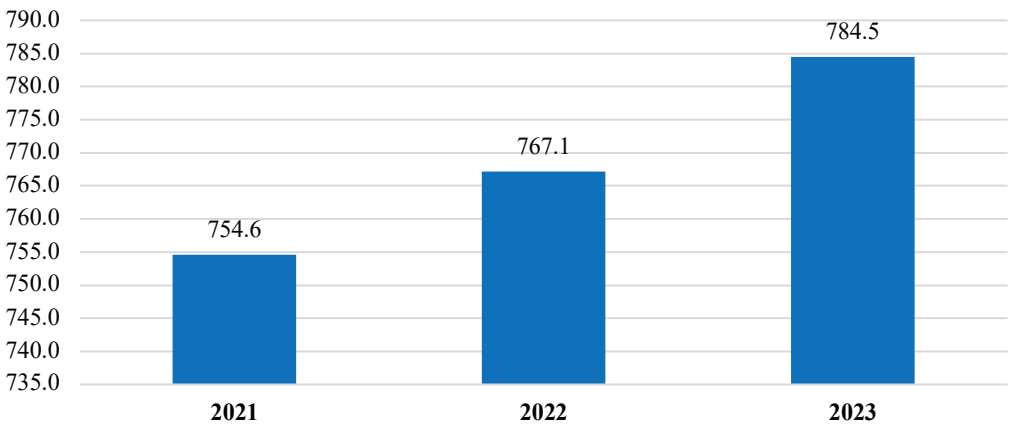
Source: Public Authority for Industry.

## II. Compensation for Workers in Industrial Firms:

Compensation for workers in the industrial sector includes wages and salaries in cash and in kind, in addition to the value of contributions to social insurance premiums, private pension funds, accident insurance (work injuries), life insurance, and other pension programs, as well as the rewards of board members. The employees' compensation according to the 2024 industrial survey is grouped into three categories:

- **Wages and salaries:** This category includes all cash payments made by the employer for the completion of work by all personnel at the business, covering all cash payments, gratuities, cost-of-living allowances, and wages paid during regular period and sick leave.
- **Physical and material benefits provided:** This category includes the cost of food, beverages, smoke, clothing (other than work costumes), dwelling (including maintenance and repair expenses, among others) provided free of charge or at nominal value by the employer to the employees.
- **Payroll accessories:** This category includes other payments made by the employer on behalf of employees (salaried employees) that are usually considered to be part of their income and not part of their cash or in-kind wages, including the contributions of employers to social insurance programs, unemployment compensation programs, accident and work-injury-related compensation, health insurance premiums for hospitals, health services, retirement programs, workers' residency fees, and separation and leave allowances.

**Figure 27: Compensation for Workers in the Industrial Sector (Million KD)**

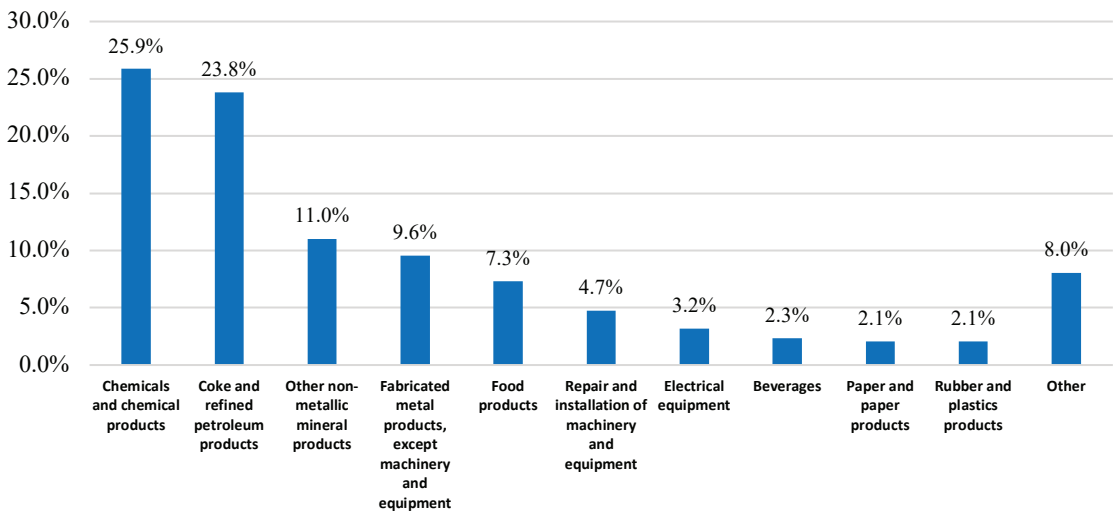


Source: Public Authority for Industry.

The results of the 2024 Industrial Survey indicate that the total value of employee compensation in the industrial sector reached approximately KD 784.5 million in 2023. This reflects an increase of KD 17.4 million, or 2.3%, compared to KD 767.1 million in 2022, which had recorded a decline of KD 12.6 million, or 1.7%, compared to 2021.

In terms of the distribution of employee compensation across industrial sectors in 2023, the “Chemical and Chemical Products” sector ranked first, with compensation totaling approximately KD 202.9 million, representing 25.9% of the total compensation paid in the industrial sector that year. this was followed by the “Coke and Refined Petroleum Products” sector, with compensation of around KD 186.9 million, or 23.8% of the total, and the “Other Non-Metallic Mineral Products” sector, which recorded KD 86.5 million, accounting for 11.0% of the total compensation. Together, the top ten sectors contributed approximately KD 721.5 million, representing 92.0% of total employee compensation in the industrial sector.

**Figure 28: Compensation for Industrial Sector Employees by Activities in 2020 (% of Total)**



Source: Public Authority for Industry.



- **Wages and Salaries:**

In 2023, the total annual wages and salaries paid within the industrial sector amounted to approximately KD 555.1 million, marking an increase of KD 21.3 million, or 4.0%, compared to KD 533.7 million in 2022, which had also increased by KD 20.7 million, or 4.0%, compared to 2021. by industrial activity in 2023, the “Chemical and Chemical Products” sector ranked first in terms of wage payments, with total salaries amounting to around KD 137.3 million, representing 24.7% of total industrial sector wages. This was followed by the “Coke and Refined Petroleum Products” sector with approximately KD 136.0 million, or 24.5%, and the “Other Non-Metallic Mineral Products” sector with KD 65.9 million, representing 11.9%. together, the top ten industrial sectors accounted for KD 512.3 million, or 92.3% of the total annual wages and salaries paid in the industrial sector in 2023.

- **Physical and Material Benefits:**

In 2023, the total value of in-kind and monetary benefits provided to employees in the industrial sector amounted to approximately KD 96.8 million, reflecting a decrease of KD 9.5 million, or 8.9%, compared to KD 106.3 million in 2022. That year had also seen a decline of KD 7.8 million, or 6.8%, compared to 2021. by industrial activity in 2023, the “Chemical and Chemical Products” sector ranked first in terms of the value of such benefits, amounting to approximately KD 27.9 million, or 28.8% of the total benefits provided in the industrial sector. It was followed by the “Repair and Installation of Machinery and Equipment” sector with KD 21.4 million, or 22.1%, and the “Coke and Refined Petroleum Products” sector with KD 15.4 million, representing 16.0% of the total.

- **Payroll Accessories:**

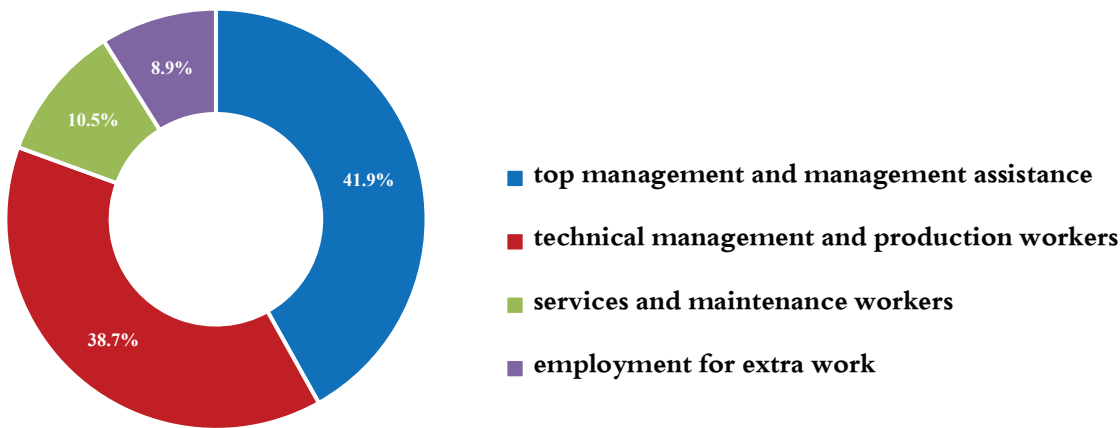
In 2023, the total value of salary supplements—including social security contributions, unemployment compensation programs, workplace injury compensation, private health insurance premiums, retirement plans, residency fees for workers, as well as end-of-service and leave entitlements—amounted to approximately KD 132.6 million in the industrial sector. This reflects an increase of KD 5.5 million, or 4.3%, compared to KD 127.1 million in 2022, which had seen a slight decline of KD 0.4 million, or 0.3%, compared to 2021.

By industrial sector in 2023, the “Chemical and Chemical Products” sector ranked first, with salary supplements totaling KD 37.7 million, or 28.4% of the sector’s total. This was followed by the “Coke and Refined Petroleum Products” sector, with KD 35.4 million (or 26.7%), and the “Fabricated Metal Products, Except Machinery and Equipment” sector, with KD 17.3 million, representing 13.0% of the total salary supplements provided to industrial workers in that year.

III. National Employment in the Industrial Sector:

The results of the 2024 Industrial Survey indicate that the number of Kuwaiti nationals employed in the industrial sector reached approximately 11,900 workers by the end of 2023, accounting for 11.0% of the total industrial workforce. of this national workforce, around 41.9% were employed in senior and administrative management roles, while 38.7% worked in technical and production-related positions. Additionally, 10.5% were employed in maintenance and service-related roles, and 8.9% worked in supplementary or support positions within the industrial sector during 2023.

Figure 29: Kuwaiti National Employment in the Industrial Sector (% of Total)



Source: Public Authority for Industry.

07

## **Chapter 7: Industrial Activities**

- I. Industrial Activities with Low Supply and High Demand**
- II. Industrial Sectors with Surplus Domestic Production**
- III. Priority Industries for Localization in New Industrial Zones**

## Chapter 7: Industrial Activities

This chapter focuses on assessing industrial activities characterized by low domestic supply and high market demand, which present promising investment opportunities for expanding local production and reducing dependence on imports. It also identifies sectors with excess production, which may require restructuring or redirection of investments toward more in-demand sectors. Finally, the chapter outlines recommendations for localizing key industries within the newly designated industrial zones allocated to the Public Authority for Industry, with the aim of achieving sustainable and balanced industrial development.

### I. Industrial Activities with Low Supply and High Demand:

The identification of industrial activities experiencing a supply-demand gap was carried out using a specific methodology based on data from the 2024 Industrial Survey and import statistics for Kuwait. The analysis involved extracting the value of domestic industrial production for each sector, then comparing it with estimated local demand: calculated as the sum of locally directed sales and import values for each sector.

This approach allowed for the identification of sectors where local production falls significantly short of market demand, signaling key investment opportunities for localization within newly established industrial zones. The classification relied on various quantitative indicators, and the most prominent sectors include:

- **Repair and Installation of Machinery and Equipment**

This sector suffers from a clear shortfall in domestic production, which stood at only KD 2.4 million, compared to a local demand of approximately KD 261.1 million, resulting in a coverage ratio of just 0.9%. The sector thus relies on imports totaling KD 258.8 million to meet domestic demand.

Recommendation: Develop specialized workshops and maintenance centers, and encourage local manufacturing of spare parts to strengthen national industrial capacity and reduce dependency on imports.

- **Leather and Related Products**

The leather industry in Kuwait shows significant underperformance, with local production valued at only KD 1.6 million, versus domestic demand of KD 82.6 million, resulting in a coverage ratio of around 2.0%. Imports therefore fill a gap of approximately KD 81.6 million.

Recommendation: Expand investment in leather manufacturing, including footwear and leather garments, to meet local demand and reduce import dependency.

- **Other Transport Equipment**

This sector exhibits a major gap between domestic production and market demand. While local production amounts to KD 13.8 million, estimated demand reaches KD 658.6 million, yielding a coverage ratio of just 2.1%. This indicates a heavy reliance on imports, which total approximately KD 644.8 million, particularly for items such as ships and heavy vehicles.

Recommendation: Promote investment in transport equipment manufacturing and assembly to reduce reliance on imports and strengthen local production capabilities.

- **Pharmaceuticals and Medicinal Products**

The pharmaceutical sector in Kuwait continues to face a substantial shortfall in local production, necessitating a high level of imports to satisfy strong domestic demand.

Recommendation: Encourage investments in pharmaceutical manufacturing to boost domestic production, reduce import reliance, and enhance national health security.

## II. Industrial Sectors with Surplus Domestic Production:

Data analysis reveals that certain industrial sectors in Kuwait have domestic production levels exceeding local demand, suggesting the presence of market surpluses for these products. This condition is particularly evident in sectors closely tied to petroleum and its derivatives. Notable among these are:

- **The Chemical Products Sector:**

This sector is vital to the industrial ecosystem, supplying inputs to pharmaceuticals, fertilizers, and petrochemicals. In 2023, domestic production reached approximately KD 1,648.1 million, while local sales amounted to KD 534.4 million and imports stood at KD 326.8 million, indicating total estimated local demand of KD 861.2 million. This results in a domestic supply-to-demand coverage ratio of 191.4%. To address potential oversupply risks, it is recommended to diversify export markets and increase investments in R&D to produce high-value specialty chemicals with greater global demand.

- **The Coke and Refined Petroleum Products Sector:**

Given its export-oriented nature, this sector regularly exceeds local demand. In 2023, local production totaled KD 958.7 million, with domestic sales at KD 570.6 million and imports valued at KD 141.7 million. Local demand was estimated at KD 712.2 million, resulting in a coverage ratio of 134.6%. This surplus underscores the need to expand international market access and adopt robust export strategies to optimize utilization of production capacity.

- **The Beverages Sector:**

With a production level of KD 126.7 million versus domestic demand of KD 124.6 million, this sector shows a coverage ratio of 101.6%. Although the surplus is minor, it could lead to inventory buildup and price pressures if not managed properly. Industry players are encouraged to explore export opportunities and diversify offerings, such as healthy beverages or natural juices, to absorb the surplus and increase value-added output.

The existence of production surpluses in specific industrial sectors requires strategic policy responses to maximize industrial efficiency and sustainability. Key among these is promoting exports to absorb excess production, which can be achieved by opening new regional and international markets. Additionally, product diversification is essential to mitigate market saturation, while quality enhancement and innovation through investment in modern technologies and R&D can boost competitiveness and global reach. Regulatory bodies and manufacturers are encouraged to conduct market intelligence and consumption analyses to guide sustainable investment decisions and mitigate economic risks associated with persistent overproduction. Together, these strategies can foster balanced growth and a resilient industrial base in Kuwait.

### III. Priority Industries for Localization in New Industrial Zones:

Findings from the 2024 Industrial Survey indicate that several sectors suffer from significant supply deficits relative to domestic demand, making them ideal candidates for localization in the new industrial zones allocated by the Public Authority for Industry. These sectors are critical to achieving industrial self-sufficiency, reducing import dependence, and enhancing national production capacity. Priority sectors include:

- **Pharmaceutical and Medicinal Products Sector:**

This sector remains heavily reliant on imports to meet growing domestic demand for medications and medical supplies. The limited local production highlights the urgent need to establish pharmaceutical manufacturing facilities to ensure supply availability, lower import costs, and bolster national health security. Localization would also support pharmaceutical research and development and enhance Kuwait's competitiveness in regional markets.

- **Electronics and Optical Equipment Sector:**

Currently dependent on imports, particularly for precision instruments, control systems, and medical devices, this sector is pivotal to technological advancement. Localizing this industry would reduce reliance on foreign suppliers, especially for strategic industries like healthcare and advanced manufacturing. Moreover, it would create high-value employment opportunities in engineering and IT, while fostering the development of specialized human capital.

- **Transport Equipment and Spare Parts Sector:**

Kuwait's dependency on imported vehicles, components, and heavy transport equipment points to a critical need for localization. Building a domestic manufacturing base in this sector would enhance industrial security, reduce external reliance, and generate skilled jobs in mechanical engineering and assembly. Establishing transport equipment facilities would also facilitate industrial integration and strengthen local supply chains.

- **Recycling and Circular Economy Sector:**

This underdeveloped yet essential sector suffers from weak infrastructure despite rising volumes of industrial and consumer waste. Investment in recycling is vital for environmental sustainability and reducing import needs through resource recovery. A strong recycling industry would also support related sectors like construction, plastics, and paper, while advancing Kuwait's ambitions for a circular and resource-efficient economy.

- **Heavy Industrial Machinery and Equipment Sector:**

This strategic sector faces a critical shortage in domestic production, leaving local factories dependent on imported heavy machinery. Localizing this industry would enhance operational efficiency by supplying equipment tailored to local needs, reduce import costs, and stimulate industrial innovation. Localization would also accelerate technological development in Kuwait's manufacturing ecosystem.

Localization of these industries is central to Kuwait's economic diversification strategy. Reducing import dependency and achieving self-reliance in critical sectors will strengthen industrial sustainability. Furthermore, strategic investments in advanced technology industries will enhance national competitiveness and support a knowledge-based economy. By developing modern infrastructure in the newly designated zones, Kuwait can attract fresh investment, boost long-term growth, and generate skilled employment in high-value sectors. Lastly, prioritizing environmentally sustainable industries, such as recycling, will contribute to waste reduction, better resource utilization, and long-term improvements in quality of life.



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# Chapter 8:

## Results and Recommendations

- I. First: Key Findings
- II. Second: General Recommendations

## Chapter 8: Results and Recommendations

### I. First: Key Findings

The 2025 Industrial Survey Report provides a comprehensive analysis of Kuwait's industrial sector, highlighting the main developments and challenges facing local industry. The survey results indicate that the sector has experienced uneven growth across key indicators such as the number of industrial establishments, industrial production, investments, and the sector's contribution to the national economy. The main findings are as follows:

- **Industrial Structure and Establishment Performance**

- The total number of industrial establishments covered by the survey reached 741, with a clear concentration in sectors such as non-metallic mineral products, chemical industries, and food products.
- Despite the slight increase in the number of establishments, the sectoral distribution still reflects a reliance on traditional industries such as petrochemicals and refined petroleum products, while advanced technology and pharmaceutical industries remain weak.
- Small and medium-sized industries continue to face significant challenges, as investment is concentrated in large enterprises, hindering industrial diversification and innovation

- **Industrial Production and Sales**

- The total value of industrial production for 2023 amounted to KWD 5.07 billion, showing a slight decline compared to 2022, which reflects a slowdown in sector growth.
- Chemical industries and coke products accounted for over half of total industrial production, highlighting the continued dependence on energy-related industries, while electronics and industrial equipment sectors continue to suffer from low productivity.
- Domestic sales represented about 49.6% of total production, while exports accounted for around 34%, indicating a pressing need to strengthen the competitiveness of Kuwaiti industrial products in international markets.

- **Industrial Employment and National Workforce Share**

- Total employment in the industrial sector reached approximately 120,000 workers, yet Kuwaiti nationals account for only 11%, reflecting ongoing reliance on foreign labor.
- Data shows low participation of nationals in industrial jobs, with most local workers concentrated in oil and chemical industries, while participation remains limited in advanced industries such as electronics and industrial machinery.

- **Industrial Investment**

- The total invested capital in the industrial sector reached KWD 17.3 billion, with clear concentration in traditional sectors such as chemical products and coke, while modern industrial sectors continue to attract limited investment.
- Some sectors, such as pharmaceuticals, industrial equipment, and electronics, recorded a significant shortage of local investment, highlighting the need to stimulate investment in these strategic areas.

- **Idle Capacity and Production Efficiency**

- The industrial survey revealed high levels of idle capacity across many industrial sectors, indicating underutilization of available production capabilities.
- This is mainly due to heavy reliance on imports, weak domestic demand, and high operating costs, which together prevent the sector from achieving optimal production efficiency.

- **Industrial Exports and Imports**

- Kuwaiti industrial exports remain heavily dependent on petroleum and refined products, while most manufacturing industries continue to struggle with weak global competitiveness.
- The sector still shows a high dependence on imports across several industries, underscoring the need to develop strong local manufacturing capable of meeting domestic demand and reducing the trade deficit.

## **II. Second: General Recommendations**

- Based on the analysis of the industrial survey results, a set of strategic recommendations can be proposed to support the development of the industrial sector and enhance its contribution to the national economy. These include the following:

- **Strengthening Industrial Diversification and Investment in Promising Sectors**

- Investments should be directed toward high value-added industries such as electronics, pharmaceuticals, and heavy industrial equipment, to reduce reliance on traditional sectors and increase competitiveness.
- Encourage both local and foreign private investors to establish industrial projects in underutilized sectors by providing investment incentives and financial facilities.

- **Improving the Business Environment and Facilitating Industrial Investment Procedures**

- Reduce bureaucracy and enhance the ease of doing business in the industrial sector by simplifying licensing procedures and minimizing the time required to establish new facilities.
- Accelerate the development of newly allocated industrial zones by providing integrated infrastructure and logistics services that attract further investment.

- **Increasing Production Efficiency and Reducing Operational Costs**

- Encourage factories to adopt advanced technologies and improve production processes to enhance efficiency and minimize industrial waste.
- Provide financial and technical support to modernize production lines, particularly in sectors suffering from low productivity.

- **Supporting Workforce Nationalization and Human Capital Development**
  - Promote the employment of national labor in the industrial sector through specialized training programs and financial incentives for factories achieving high nationalization rates.
  - Strengthen technical education and professional training in collaboration with the private sector to ensure the availability of qualified local talent across industrial specializations.
- **Enhancing the Competitiveness of Industrial Exports**
  - Develop marketing strategies for industrial exports and support industrial companies in accessing foreign markets through participation in trade exhibitions and establishing trade agreements.
  - Provide financial incentives to industrial exporters, such as soft financing and tax exemptions, to encourage expansion into international markets.
- **Promoting Industrial Innovation and Investment in Research and Development**
  - Support the establishment of industrial research and development centers to enhance innovation in industrial products and stimulate the adoption of modern manufacturing technologies.
  - Offer grants and funding to industrial companies that invest in R&D to strengthen competitiveness and achieve industrial sustainability.
- **Achieving Sustainable Development and Reducing the Environmental Impact of Industry**
  - Encourage factories to rely on renewable energy sources and adopt eco-friendly solutions to reduce emissions and minimize natural resource consumption.
  - Stimulate investment in recycling industries and industrial waste reduction, thereby promoting a circular economy that yields both environmental and economic benefits.

## Conclusion:

The 2025 Industrial Survey Report reflects the current state of the industrial sector in the State of Kuwait, highlighting both its strengths and the challenges facing local industries. While some indicators show improvement, such as the growth in the number of establishments and industrial investments, there remains an urgent need to enhance industrial diversification, increase workforce nationalization, and stimulate industrial innovation.

Based on these findings, it is essential to implement supportive policies that foster industrial growth, encourage investment in promising sectors, improve the business environment, and strengthen the competitiveness of Kuwaiti industry. These measures will help achieve sustainable industrial development that contributes to diversifying Kuwait's economy and reducing its dependence on oil.

