



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

Kenneth Katzman

Specialist in Middle Eastern Affairs

July 28, 2011

Congressional Research Service

7-5700

www.crs.gov

RS21513

Summary

Kuwait has been pivotal to two decades of U.S. efforts to end a strategic threat posed by Iraq and then to stabilize that country in its transition to democracy. After U.S. forces liberated Kuwait from Iraqi invading forces in February 1991, Kuwait was the central location from which the United States contained Saddam during 1991-2003, and Kuwait hosted nearly all of the U.S.-led force that invaded Iraq in March 2003 to remove Saddam from power. It is the key route through which U.S. troops have been withdrawing from Iraq during 2009-2011. Kuwait's relations with the current government of Iraq are hampered, in part, by longstanding territorial, economic, and political issues—issues not resolved by an outwardly positive exchange of high level visits in early 2011. With the strategic threat from Iraq sharply reduced, Kuwait is cooperating with U.S.-led efforts to contain Iranian power in the Gulf. At the same time, like other Gulf states, Kuwait seeks to maintain normal economic and political relations with Iran so as not to provoke Iran or cause it to increase its support to pro-Iranian movements in Kuwait.

Kuwait has been troubled domestically for at least five years, but it has not faced the mass popular unrest that other governments throughout the Middle East have faced in 2011. The domestic disputes have taken the form of infighting between the elected National Assembly and the ruling Al Sabah family primarily over the political and economic dominance of the Al Sabah. In March 2009, the infighting led to the second constitutional dissolution of the National Assembly in one year, setting up new parliamentary elections on May 16, 2009. That produced an Assembly that was considered more pro-government, and included four women, the first to be elected to the Assembly in Kuwait since women were given the vote in 2005. However, over the subsequent two years, oppositionists in the Assembly continued to challenge the ruling family, producing two unsuccessful attempts (the most recent on January 5, 2011) to vote no confidence in Prime Minister Shaykh Nasser al-Muhammad al-Ahmad Al Sabah and forcing him to dismiss and rename a cabinet seven times since 2006. The latest cabinet, little different from the previous one, was formed on May 10, 2011. The political deadlock has prevented breaking long-standing legislative and regulatory logjams holding up key energy projects, including some projects involving major foreign energy firms.

Kuwait has been only slightly affected by the unrest sweeping the Middle East in 2011. Demonstrations by opposition groups have been held, but they have been small. Kuwait is a relatively wealthy society where citizens do not want to take risks to achieve greater freedoms. The Assembly passage of a record national budget in late June 2011—a budget loaded with subsidies and salary increases—appeared intended to ensure that demonstrations do not broaden. The government also has used a measure of repression, including beatings of demonstrators and imprisonments of journalists and activists. Still, Kuwait's tradition of vibrant civil society and expression of opinion led to the resignation of the interior minister, held responsible for repressive measures, on February 7, 2011, in advance of a planned public demonstration.

On other regional issues, the political stalemate in Kuwait has contributed to a tendency among Kuwaiti leaders to defer to Saudi Arabia and other more active Gulf states. Kuwait has not attempted to take a leading role in formulating new approaches to the Arab-Israeli dispute, in mediating disputes within the Palestinian territories, or trying to determine Iran's role in Gulf security and political arrangements. In March 2011, it joined a Gulf Cooperation Council to intervene on the side of the government of Bahrain but, unlike Saudi Arabia and UAE, Kuwait did not send ground forces there.

Contents

| | |
|---|----|
| Kuwaiti Government Changes and Political Reform..... | 1 |
| The National Assembly and Disputes With the Ruling Family | 1 |
| Post-2006 Political Crises and Elections | 2 |
| 2009 Election and Further Political Crises | 3 |
| 2010-2011 Parliamentary Session: Disputes Expand..... | 4 |
| Broader Arab Uprisings Add to Kuwait’s Political Crises | 4 |
| Broader Human Rights Issues | 6 |
| Women’s Rights..... | 6 |
| Trafficking in Persons and Status of “Bidoons” | 6 |
| Freedom of Expression and Media Freedoms | 7 |
| Labor Rights | 7 |
| Religious Freedom..... | 8 |
| U.S. Efforts to Promote Democracy and Human Rights | 8 |
| U.S.-Kuwait Relations and Defense Cooperation..... | 8 |
| Current Defense Relations..... | 9 |
| Foreign Policy Issues | 10 |
| Iraq..... | 11 |
| Residual Issues Related to the 1990 Iraqi Invasion | 11 |
| Arab-Israeli Dispute..... | 12 |
| Iran..... | 13 |
| Positions and Actions on 2011 Unrest in the Arab World | 14 |
| Kuwaiti Cooperation Against Islamic Militancy | 14 |
| Kuwaiti Economic Policy..... | 15 |

Figures

| | |
|-------------------------------|----|
| Figure 1. Map of Kuwait | 17 |
|-------------------------------|----|

Tables

| | |
|--|----|
| Table 1. Composition of the National Assembly: 2008–2011 | 6 |
| Table 2. U.S. Aid to Kuwait and Purposes | 10 |

Contacts

| | |
|----------------------------------|----|
| Author Contact Information | 18 |
|----------------------------------|----|

Kuwaiti Government Changes and Political Reform¹

Kuwait's optimism after the 2003 fall of its nemesis, Saddam Hussein, soured after the January 15, 2006, death of Amir (ruler) Jabir Ahmad al-Jabir Al Sabah. Since then, Kuwait has lurched from one political crisis to the next, preventing or delaying movement on some key issues. At the time of Amir Jabir's death, his successor, Shaykh Sa'ad bin Abdullah Al Sabah, was very ill (he later died), and a brief succession dispute among rival branches of the ruling Al Sabah family ensued. It was resolved with Prime Minister Shaykh Sabah al-Ahmad al-Jabir Al Sabah (who is now about 80, the younger brother of the late Amir) becoming Amir on January 29, 2006. The succession dispute was unprecedented in Kuwait and the broader Gulf region for the first use of an elected legislature's constitutional ability to formally remove a leader.

Although the leadership struggle was resolved, it produced a suspension of the tacit agreement to alternate succession between the Jabir and Salem branches of the family. Amir Sabah appointed his half-brother, Shaykh Nawwaf al-Ahmad Al Sabah, now age 71 and a member of his own Jabir branch, as crown prince/heir apparent. The crown prince post required concurrence of the National Assembly. Amir Sabah appointed another member of the Jabir branch as prime minister—his nephew, Shaykh Nasser al Muhammad al-Ahmad Al Sabah, also now age 71. The highest-ranking member of the Salem branch in the government is Dr. Mohammad Al Sabah, who kept his foreign minister post and simultaneously is a deputy prime minister.

Tensions between the two branches of the family have since continued to simmer, and no permanent alternative mechanism has been agreed to replace the previous power-sharing arrangement between the branches. The whole family has nonetheless attempted to maintain solidarity against growing political challenges from the National Assembly and other elites. Many in the family also fear that family disunity would open Kuwait to popular unrest such as that seen throughout the Middle East in 2011.

The National Assembly and Disputes With the Ruling Family

Differences between the government and a coalition of reformist and Islamist deputies in the elected National Assembly have added to the tensions within the ruling family to produce the political deadlock since Amir Jabir's death in 2006. Those opposing the government have tended to seek greater authority for the Assembly and a limitation of the powers of the government - and by extension, limitations of the political and economic power of the Al Sabah.

The Assembly, established by Kuwait's November 1962 constitution, is the longest-serving all-elected body among the Gulf monarchies. Fifty seats are elected, and members of the cabinet serve in it *ex-officio*. Amirs of Kuwait have, on several occasions (1976-1981, 1986-1992, 2003, 2006, 2008, and 2009), used their constitutional authority to dissolve the Assembly when it aggressively challenged the government. The Assembly does not confirm cabinet nominees but it can, by simple majority of elected members, vote no confidence in individual ministers. It can

¹ Much of this section is from the State Department's country report on human rights practices for 2009 (released March 11, 2010), <http://www.state.gov/g/drl/rls/hrrpt/2009/nea/136072.htm>; the *International Religious Freedom Report* for 2010 (November 17, 2010), <http://www.state.gov/g/drl/rls/irf/2010/148828.htm>; and the *Trafficking in Persons Report for 2010* (June 14, 2010), <http://www.state.gov/g/tip/rls/tiprpt/2010/142760.htm>.

vote no confidence in the prime minister by voting “inability to cooperate with the government,” and it can veto government decrees issued during periods of Assembly suspension.

Political parties are still not permitted, but factions can compete as “currents,” “trends,” or “political societies.” Kuwaitis have a parallel tradition of informal political consultations in nightly *diwaniyyas*—social gatherings held by elites of all political ideologies and backgrounds. There are a growing number of *diwaniyyas* led by women.

While Kuwait’s constitution enshrines the hereditary monarchy, there has been progress over the past two decades in extending the franchise for the National Assembly and other elected positions (such as the Kuwait City municipal council). The extent of the franchise has been a closely watched indicator of Kuwait’s political liberalization. The government has expanded the electorate gradually, first by extending the franchise to sons of naturalized Kuwaitis and Kuwaitis naturalized for at least 20 (as opposed to 30) years. The long deadlock on female suffrage began to break in May 2004, after the government submitted to the Assembly a bill to give women the right to vote and run. (A government attempt in May 1999 to institute female suffrage by decree was vetoed by the Assembly.) In May 2005, then Prime Minister Shaykh Sabah (now Amir) pressed the Assembly to adopt the government bill, which it did on May 16, 2005 (35-23); the bill was effective as of the 2006 National Assembly elections.

Post-2006 Political Crises and Elections

The post-2006 deadlock has manifested as repeated Assembly suspensions and subsequent elections, none of which has resolved differences over the fundamental power balances between the executive and the legislature. Only five months after becoming leader, Amir Sabah suspended the Assembly in May 2006 when 29 “opposition” members—an alliance of liberals and Islamists—demanded to question the prime minister over the government’s refusal to endorse a proposal to reduce the number of electoral districts to five, from the current 25. The opposition wanted to increase the size of each district so that it would be more difficult to influence the outcome through alleged “vote buying” or tribal politics. In the June 29, 2006, election, the opposition, which attracted youth support under the “Orange” banner, won 34 out of the 50 seats. The election was the first in which women could vote or run, but none of the 27 female candidates (out of 249) won. The Amir did, however, ultimately accept the opposition’s demand to reduce the number of electoral districts to five; a law to implement that went into effect.

The schisms between the opposition and the government produced another crisis in March 2008 when the Assembly insisted on a second pay raise for state employees, beyond one granted by the cabinet in February 2008, as a response to spiraling inflation. The government refused, the cabinet resigned, and the Amir dissolved the Assembly and set new elections for May 17, 2008. With the compression to five electoral districts implemented, Sunni Islamists and conservative tribal leaders won a total of 24 seats—an increase of four. Their allies—the so-called “liberals”—won seven seats. Shiites increased their representation by one to a total of five seats. Pro-government and other independent tribalists held the remaining 14 seats. As in the 2006 election, none of the 27 women candidates was elected.

Almost immediately after the 2008 elections and related cabinet appointments, Islamists agitated unsuccessfully against the appointment of two women to the cabinet. The two female cabinet members were Nuriya al-Sebih, who was reappointed as the education minister (after surviving a January 2008 no-confidence vote), and Mudhi al-Humoud, a liberal academic, who was appointed as state minister for two positions: housing affairs and development affairs. Another

woman, Ms. Masouma Mubarak, who was the first female minister ever in Kuwait, had resigned in September 2007 after some members of parliament blamed her for mismanagement.

Sunni-Shiite tensions added to the dissension within the Kuwaiti elite. Possibly as a spillover of sectarian tensions in post-Saddam Iraq, recriminations flared in February 2008 after several Shiite politicians attended a public ceremony commemorating the killing earlier that month of Lebanese Hezbollah militant Imad Mughniyah. The minister of public works and municipalities, Fadi Safar, a Shiite, was detained briefly in March 2008 and questioned over his connection to the Kuwaiti branch of Hezbollah, but formal charges were not filed.

In November 2008, the cabinet resigned when three Sunni Assembly deputies requested to question the prime minister over corruption allegations and his decision to permit the visit of an Iranian Shiite cleric who was perceived as having slighted Sunnis. However, on December 1, 2008, the amir reappointed Shaykh Nasser as prime minister, pending formation of a new cabinet, but he did not suspend the Assembly, hoping to avoid yet another early election. These Sunni-Shiite tensions have occurred even though the Sabahs have expanded Shiite representation in the cabinet to at least two ministers, up from one that was customary.

2009 Election and Further Political Crises

The power struggle between the government and opposition deputies in the Assembly resumed in March 2009, when the Assembly insisted on questioning the prime minister over his management of the global financial crisis and alleged misuse of public funds. The disputes had held up passage of a proposed \$5 billion fiscal stimulus and financial guarantees program to address economic weakness and the severe decline in Kuwait's stock market, which had triggered protests from investors who lost substantial portions of their portfolios. The suspension enabled the government to go forward with the stimulus. On March 19, 2009, the Amir again suspended the Assembly, triggering a requirement for new Assembly elections by May 19, 2009, under the constitution (60 days from suspension). They were held on May 16, 2009.

The election, in which turnout was relatively light at about 55% of the 385,000 eligible voters, produced more than 20 new parliamentarians, including four women—the first females to be elected to the Assembly since women were given the vote in 2005. They included Masouma Mubarak, mentioned above (a Shiite), as well as Rola Dashti, who was narrowly defeated in 2006. The other women victors were Aseel al-Awadhi and Salwa al-Jassar, both professors. The election of the women, and the setback for Sunni Islamists, signaled to some that Kuwaiti voters wanted a less assertive Assembly that would work with rather than challenge the government. The results raised hopes that the political crisis would ease. However, the election of the women did not lead to an expansion of women in the cabinet; there is only one in the current cabinet: Dr. Amani Khalid Burisli, who serves as Minister of Commerce and Industry.)

Perhaps reflecting the strengthened government position, immediately after the election, the Amir reappointed Shaykh Nasser as prime minister. There had been pre-election speculation that the Amir would appoint the crown prince, Shaykh Nawwaf, as prime minister, concurrently. This move would produce some measure of stability because the Assembly is not able, constitutionally, to question the crown prince. The move would have restored the tradition of appointing one official to hold the two positions, a tradition which had been adhered to until July 2003.

Observers who said that the 2009 elections would not end the political stalemate proved correct. In November 2009, Assembly members filed motions to question four ministers, including the defense minister, for alleged corruption in the arms sale process. The Assembly also demanded to question Prime Minister Nasser for corruption involving the 2008 elections. On December 8, 2009, the prime minister agreed to the questioning, which marked the first time in the Gulf region that a head of government had been successfully summoned by an elected body. A separate motion by 10 members cited the prime minister for “non-cooperation” with the Assembly, although a majority of members later issued a statement expressing confidence in the prime minister. Votes on the motions were held on December 17, 2009, and a new election was avoided when deputies voted 35-13 on a motion to express confidence in the prime minister.

2010-2011 Parliamentary Session: Disputes Expand

The political deadlock continued through the summer of 2010. The fall session of parliament was opened on October 26, 2010, by the Amir, and included presentation of the government’s program for the coming year, delivered by Prime Minister Nasser. In his opening statement, the Amir called for unity and an end to widening sectarian (Sunni-Shiite) splits. During the opening meetings, the government was able to achieve appointment of its allies to key permanent committees, including interior and defense, and the legal and legislative committee.²

However, opposition deputies resumed their criticism of the government in subsequent days, threatening to question Interior Minister Jabir (for the third time in two parliamentary sessions) for his decision to release from custody two Iranian drug traffickers. Others sought to question why the government was slow to implement a privatization law passed in the winter-spring 2010 session, but which entered into force in September 2010.

The tensions that built throughout 2010 carried over into 2011. A demonstration by parliamentarians and civil society activists on December 8, 2010, protesting what they asserted were government attempts to limit National Assembly powers, was broken up by security forces; several parliamentarians were reportedly beaten. That incident sparked another call to formally question the prime minister on December 28, 2010, (the eighth time he appeared before the Assembly) and a date of January 5, 2011, was set for a no-confidence motion. Of the 50 elected Assembly members, 22 supported the no-confidence motion and 25 opposed it, with one abstention, and two not voting.³ Some saw the vote as indicating that the government is losing support among tribal deputies mainly from the outer districts of Kuwait City, which are inhabited by generally less affluent, naturalized citizens.⁴

Broader Arab Uprisings Add to Kuwait’s Political Crises

The January 5, 2011, no-confidence vote by no means resolved the conflict between the government and the opposition within the Assembly. Concurrently, the broader Arab uprisings affected the schisms within Kuwait. Oppositionists in the Assembly, supported by youths under a banner called the “Fifth Fence,” and who might have been inspired by the uprisings in Tunisia and Egypt, called for the resignation of Interior Minister Jabir al-Khalid Al Sabah on the grounds

² “Govt Controls Key Assembly Panels.” *Kuwait Times*, October 27, 2010.

³ “Kuwait’s Prime Minister Survives Parliament Vote.” *Al Jazeera TV*, January 5, 2011.

⁴ Kristin Smith Diwan, “Kuwait: Too Much Politics, or Not Enough?,” *Foreign Policy* online, January 10, 2011.

of “undemocratic practice.” They accused him of failing to prevent the alleged torturing to death of a man in custody for illegal liquor sales. February 8, 2011, was set for a public protest—the same day the interior minister was to be questioned by the Assembly. However, in advance of the questioning, the minister resigned and was replaced by Shaykh Ahmad al Humud Al Sabah, and the Fifth Fence subsequently postponed the protest until March 8, 2011. The protest was held but reportedly attracted only a few hundred demonstrators. A demonstration by the stateless Kuwaiti residents known as “bidoons,” demanding citizenship, was held on March 11.

Although popular protests did not broaden, the crisis within the elite continued, and often became conflated with the broader regional trends. There were reports in late March 2011 that Kuwait might be asked to mediate between the Sunni-dominated government and Shiite demonstrators in Bahrain, but no such mission materialized, possibly due to Bahraini government opposition. On March 31, 2011, Shiite parliamentarian Saleh Ashour asked to question the foreign minister about Kuwait’s backing for Gulf Cooperation Council military intervention to assist Bahrain’s government. Many of Kuwait’s Shiites, including some members of the National Assembly, strongly questioned the government’s decision to send a small naval force to Bahrain’s coast, in support of the GCC intervention. Kuwaiti Shiites viewed the GCC deployments as unjustly supporting the Sunni Bahraini monarchy’s repression of its mainly Shiite opposition. Rather than face questioning on the Bahrain issue, the cabinet resigned. Prime Minister Nasser was re-appointed to a caretaker government, and a new cabinet, with few changes, was formed on May 8, 2011. (The only ministers changed were those for oil and for commerce.) This was the seventh cabinet formed by Shaykh Nasser since he became Prime Minister in 2006. Two days later, a fresh challenge came with the request by two National Assembly deputies to question the prime minister over economic issues, although the Assembly voted, on May 17 (37 out of 47 members presented) to approve a government request to put off the questioning for one year. Some experts believe the ruling family does not want to suspend the Assembly outright and trigger a new election, on the grounds that oppositionists sympathetic to the 2011 Arab uprisings might win a substantial number of seats and pose an even stronger challenge to the government.

Prospects and U.S. Responses

In consideration of Kuwait’s relative affluence and tradition of free expression through editorials and commentary, very few experts predict a broad popular uprising in Kuwait along the lines of those seen elsewhere in the Middle East. As noted above, demonstrations in Kuwait have been small, but consistent: some reports say groups of oppositionists have taken to the streets every Friday since April 2011. To try to ensure that unrest does not broaden, on June 28 the Assembly, working with the government, passed a record \$70 billion budget, of which a substantial portion would go to fuel subsidies and salary increases for public employees. Some parliamentarians denounced the budget as highly bloated and irresponsible, because the budget would result in a deficit for the year of nearly \$22 billion. Perhaps because the unrest in Kuwait has been relatively minor, the Obama Administration has not made any high profile comments on it or on the Kuwaiti government’s responses.

Table I. Composition of the National Assembly: 2008–2011

| Ideology/Affiliation | Post-2008 Election | Post-2009 Election |
|--|--------------------|--------------------|
| Sunni Islamist (Muslim Brotherhood and Salafi) | 24 | 16 |
| Liberals | 7 | 8 |
| Shiite Islamist | 5 | 5 |
| Independents (includes tribalists, the Popular Action bloc of former Speaker Ahmad al-Sadun, and women). This bloc is considered a base of support for the government, although some observers say the government is losing substantial support in it. | 14 | 21 |

Broader Human Rights Issues

On broader human rights issues, the State Department Country Report on Human Rights Practices for 2010,⁵ released April 8, 2011, reiterates comments in previous reports that the government limits “freedoms of speech, press, assembly, association, and religion,” and that “women [do] not enjoy equal rights.” On May 10, 2011, Kuwait took over Syria’s bid for a seat on the U.N. Human Rights Council when Syria, violently suppressing serious popular unrest, decided to compete for the seat in 2013 instead of 2011.

Women’s Rights

The issue of women in high-level positions in Kuwait and their long struggle to be allowed to vote and run for election is discussed above. Women in Kuwait can drive, unlike their counterparts in neighboring Saudi Arabia, and there are several non-governmental organizations run by Kuwaiti women, such as the Kuwait Women’s Cultural and Social Society, that are dedicated to improving rights for women and to agitating on several different issues unrelated to gender. Still, women are subject to a broad array of discriminatory practices and abuses. The State Department report notes that violence against women, particularly expatriate women working in domestic service roles, remains “a problem.” A *New York Times* report of August 2, 2010, reports difficulties faced by expatriate female domestic workers in Kuwait, including non-payment of wages, physical or sexual abuse, and withholding of passports.⁶

Trafficking in Persons and Status of “Bidoons”

Kuwait was, for the fifth year in a row, designated by the State Department’s *Trafficking in Persons* report for 2010 (issued June 27, 2011) as a “Tier Three” (worst level) country. The Tier Three designation has been maintained because, according to the 2011 report, Kuwait is “not making sufficient efforts” to comply with minimum standards for the elimination of trafficking. The report emphasizes that the National Assembly still has not enacted an anti-trafficking law that has been on its agenda since November 2009. Non-Gulf Arabs and Asians, and approximately

⁵ State Department human rights report for 2010. <http://www.state.gov/g/drl/rls/hrrpt/2010/nea/154465.htm>.

⁶ Fahim, Kareem. “Away From Home, Fleeing Domestic Life.” *New York Times*, August 2, 2010.

100,000 stateless residents (known as “bidoons”) continue to face discrimination. On October 26, 2010, Prime Minister Nasser said the government would soon implement a plan to resolve the legal and economic status of the bidoons, although the lack of resolution contributed to the March 11, 2011, demonstration discussed above.

Some Basic Facts

| | |
|------------------------------------|---|
| Leadership | Amir: Shaykh Sabah al-Ahmad al-Jabir Al Sabah. Crown Prince/heir apparent: Shaykh Nawwaf al-Ahmad al-Jabir Al Sabah. Prime Minister: Shaykh Nasser al-Muhammad al- Ahmad Al Sabah |
| Population | About 2.7 million, of which 1.3 million are non-nationals |
| GDP (purchasing power parity, PPP) | \$145.7 billion |
| Religions | Muslim 85% (Sunni 70%, Shiite 30%); other (Christian, Hindu, Parsi) 15% |
| Women in senior positions | One minister (Education, Dr. Mudhi al-Hamoud); four in the National Assembly |
| Shiites in senior posts | Two in the cabinet; nine in the National Assembly |
| GDP per capita (PPP) | \$54,100/yr |
| Oil exports | 2.35 million barrels per day (Mbd) |

Freedom of Expression and Media Freedoms

Official press censorship ended in 1992, assisting the growth of a vibrant press, but the State Department report says the government does not always respect the constitutional provisions for freedom of speech and the press. One case of alleged repression against a journalist and blogger, Mohammad Abd al Qadir al-Jasem, attracted attention from human rights groups and some Kuwait parliamentarians. Al-Jasem was arrested in 2009 and then arrested again on May 10, 2010, for allegedly “instigating to overthrow the regime” by slandering the prime minister at a *diwaniyya*. Supporters say his treatment reflected unwarranted and unconstitutional repression against a government critic, and Al-Jasem reportedly conducted a hunger strike while in jail. A Kuwaiti judge ordered his release on bail on June 28, 2010. He was sentenced to one year in jail in November 2010 but was released in February 2011.

A few related issues have caught the attention of the international human rights community. In June 2011, two were arrested in Kuwait for Internet postings critical of the Kuwait leadership and the Bahraini leadership. In April 2011, security officers arrested and deported 21 Egyptian nationals resident in Kuwait for attending meetings in support of Egyptian opposition figure Dr. Mohammad El Baradei. They were deported under a law prohibiting noncitizens to attend demonstrations or public gatherings.

Labor Rights

The government allows one trade union per occupation, but the only legal trade federation is the Kuwait Trade Union Federation (KTUF). Foreign workers, with the exception of domestic workers, are allowed to join unions, and the government has tended not to impede strikes.

Religious Freedom

On religious freedom, the State Department religious freedom report for 2010 (released November 17, 2010) reported “no change” in the status of respect for religious freedom by the Kuwaiti government during the reporting period. Shiite Muslims (about 30% of Kuwait’s population) continue to report official discrimination, including limited access to religious education and the perceived government unwillingness to permit the building of new Shiite mosques. Kuwait has seven officially recognized Christian churches. Members of religions not sanctioned in the Quran—including Baha’i’s, Buddhists, Hindus, and Sikhs—are not allowed to operate official places of worship, but they are allowed to worship in their homes.

U.S. Efforts to Promote Democracy and Human Rights

The U.S. Embassy in Kuwait uses various programming tools, including discussions with Kuwaiti leaders, public diplomacy, and funds from the Middle East Partnership Initiative (MEPI), to encourage further democratization. However, Kuwait is considered perhaps the furthest along in the Gulf on democratization, and some believe U.S. policy should concentrate elsewhere in the Gulf where civil society and public participation are less well established. In Kuwait, MEPI funds have been used to enhance the capabilities of the media, to promote women’s rights, to support democracy initiatives, and to provide a broad spectrum of educational opportunities.

U.S.-Kuwait Relations and Defense Cooperation

A U.S. consulate was opened in Kuwait in October 1951; it was elevated to an embassy upon Kuwait’s independence from Britain in 1961. Kuwait, the first Gulf state to establish relations with the Soviet Union in the 1960s, was not particularly close to the United States until the Iran-Iraq war (1980-1988).

Kuwait has been a pivotal partner of the United States through three Gulf wars: the Iran-Iraq War, the 1991 Persian Gulf War, and Operation Iraqi Freedom. In all three cases, Kuwait’s security was directly at stake, but U.S. officials frequently note that Kuwait went to extraordinary lengths to support U.S. policy and operations.

As noted, Kuwait and the United States grew politically and militarily close during the Iran-Iraq war. Through intimidation, Iran sought to compel Kuwait not to support Iraq in that war. Iran fired at and struck some Kuwaiti oil facilities, including the Al Ahmadi terminal, with “Silkworm” surface-to-surface missiles. In 1987-1988, the United States established a U.S. naval escort and tanker reflagging program to protect Kuwaiti and international shipping from Iranian naval attacks (Operation Earnest Will). During the period,

Believing Saddam Hussein would reward Kuwait for assisting it financially and logistically during the Iran-Iraq war, Kuwait’s leaders were exiled and shaken by the August 1990 Iraqi invasion. Iraq’s public justification was an accusation that Kuwait was overproducing oil and thereby harming Iraq’s ability to repay its debts and recover economically from the long war with Iran. However, most experts believe that the invasion was a result of Saddam’s intent to dominate the Persian Gulf politically and militarily. Kuwait was liberated by the U.S.-led January 16-February 28, 1991, “Desert Storm” offensive and its government restored to power in Kuwait.

Kuwaiti leaders were highly grateful for the U.S.-led liberation of Kuwait in the 1991 Persian Gulf War, and signed a 10-year defense pact with the United States on September 19, 1991. Although the text is classified, the pact reportedly provides for mutual discussions in the event of a crisis; joint military exercises; U.S. training of Kuwaiti forces; U.S. arms sales; prepositioning of U.S. military equipment (armor for a U.S. brigade); and U.S. access to Kuwaiti facilities, such as Ali al-Salem Air Base.⁷ A related Status of Forces Agreement (SOFA) provides that U.S. forces in Kuwait be subject to U.S. rather than Kuwaiti law. In September 2001, the pact was renewed for another 10 years and a renewal in September 2011 is widely considered a mere formality.

Kuwait contributed materially to the 1991 war and subsequent containment efforts—it paid \$16.059 billion to offset the costs of Desert Shield/Desert Storm, funded two-thirds of the \$51 million per year U.N. budget for the 1991-2003 Iraq-Kuwait Observer Mission (UNIKOM) that monitored the Iraq-Kuwait border, and contributed about \$350 million per year for U.S. military costs of Kuwait-based Iraq containment operations. This included the 1992-2003 enforcement of a “no fly zone” over southern Iraq (Operation Southern Watch), involving 1,000 Kuwait-based U.S. Air Force personnel. Kuwait hosted an additional 5,000 U.S. forces during the major combat phases of Operation Enduring Freedom, which ousted the Taliban from power in Afghanistan.

Kuwait supported the Bush Administration’s decision to militarily overthrow Saddam Hussein (Operation Iraqi Freedom (OIF)). It closed off its entire northern half to secure the U.S.-led invasion force; allowed U.S. use of two air bases, its international airport, and sea ports; and provided \$266 million in burden sharing support to the combat, including base support, personnel support, and supplies such as food and fuel. According to Defense Department budget documents, Kuwait has been contributing about \$210 million per year in similar in-kind support to U.S. operations focused on Iraq. These funds help defray the costs incurred by U.S. military personnel that have rotated through Kuwait into or out of Iraq. In appreciation of Kuwait’s support to OIF, on April 1, 2004, the Bush Administration designated Kuwait as a “major non-NATO ally (MNNA),” a designation held by only one other Gulf state (Bahrain).

Current Defense Relations

With the Obama Administration considering Iraq largely stabilized, Kuwait serves as the key exit route for U.S. troops as they implement President Obama’s February 27, 2009, drawdown plan that will see U.S. forces in Iraq decline from the 2009 level of 145,000 to about 50,000 (as of September 1, 2010) and then, under current plans, to zero by the end of 2011. The main U.S. staging facility in Kuwait is Camp Arifjan and a desert firing range facility, Camp Buehring (Udairi Range); it is at these locations that equipment from the Iraq battlefield are being cleaned, repaired, and packed up for return to the United States or stored in regional prepositioning sites. U.S. forces vacated Camp Doha, the headquarters for U.S. forces in Kuwait during the 1990s, in December 2005.

Although the threat from Iraq is low compared to what it was during the Saddam era, the United States continues to bolster Kuwait’s defense capabilities, although more so directed against Iran than against Iraq. U.S. officials say that the U.S.-Kuwait defense relationship, enhanced by the small amounts of U.S. assistance shown in **Table 2** below, has improved the quality of the Kuwaiti military, particularly the air force. Its military has now nearly regained its pre-Iraq

⁷ Hajjar, Sami. *U.S. Military Presence in the Gulf: Challenges and Prospects*. U.S. Army War College, Strategic Studies Institute. P. 27.

invasion strength of 17,000. U.S. Central Command (CENTCOM) officials said in February 2008 they are establishing in Kuwait a permanent platform for “full spectrum operations” in 27 countries in the region. Among the objectives is to help Kuwait establish a navy.

U.S. arms sales have sought to enhance Kuwait’s capability. Over the past three years, U.S. sales to Kuwait have also comported with the overall goals of the “Gulf Security Dialogue” program designed to contain Iran by enhancing the individual and joint capabilities of the Gulf states. Kuwait is not eligible to receive U.S. excess defense articles. Major post-1991 Foreign Military Sales (FMS) include (1) 218 M1A2 tanks at a value of \$1.9 billion in 1993 (deliveries completed in 1998); (2) five Patriot anti-missile fire units, including 25 launchers and 210 Patriot missiles, valued at about \$800 million, in a 1992 sale (delivered by 1998). Some of them were used to intercept Iraqi short-range missiles launched at Kuwait in the 2003 war; (3) 1992 sale of 40 FA-18 combat aircraft (purchase of an additional 10 is under consideration); and (4) September 2002 sale of 16 AH-64 (Apache) helicopters equipped with the Longbow fire-control system, valued at about \$940 million. According to the Defense Security Cooperation Agency (DSCA), another \$730 million in purchases were agreed during 2005-2007, including a \$20 million deal for 436 TOW anti-tank missiles. A sale to Kuwait of 80 PAC-3 (Patriot) missiles and 60 PAC-2 missiles and upgrades, valued at about \$1.3 billion, was notified to Congress on December 4, 2007. On September 9, 2008, DSCA notified a sale of 120 AIM-120C-7 Advanced medium Range Air-to-Air Missiles (AMRAAM), along with equipment and services, with a total value of \$178 million. On August 11, 2010, the Administration notified Congress of another potential Patriot-related sale—of 209 Patriot “Guidance Enhanced Missile-T (GEM-T) missiles valued at \$900 million. The prime contractor for that system is Raytheon.

Table 2. U.S. Aid to Kuwait and Purposes
(dollars in thousands)

| | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 (req.) |
|--|--------|--------|--------|--------|--------|--------|------------------|
| International Military Training and Education (IMET). Permits Kuwait to get discount for all Kuwait-funded trainees in U.S., facilitates inter-operability | - | 19 | 14 | 0 | 10 | 10 | 0 |
| Non-Proliferation, Anti-Terrorism, De-Mining and Related (NADR). | 628 | 1,025 | - | - | - | - | 0 |

Foreign Policy Issues

Kuwait and the United States largely share a common threat perception and cooperate on a wide range of regional issues. Virtually all of the issues below were discussed in an April 30, 2010, meeting between Secretary of State Clinton and visiting Deputy Prime Minister/Foreign Minister Dr. Mohammad Al Sabah, and since. After the United States, Kuwait’s most important security alliance is with the Gulf Cooperation Council (GCC), which consists of fellow Gulf monarchies. Aside from the issues below, Kuwait and the United States continue to discuss the fate of two

remaining Kuwaiti nationals held at the facility at Guantanamo, whom Kuwait wants to repatriate.⁸

Iraq

Kuwait's key external concern is the stability of Iraq, and Kuwait has tried to build political ties to the dominant Iraqi factions in order to ensure there is no repeat of the 1990 invasion or the Shiite violence that rocked Kuwait in the 1980s. The December 1983 bombings of the U.S. and French embassies in Kuwait and an attempted assassination of the amir in May 1985 were attributed to the Iran-inspired Iraqi Da'wa (Islamic Call) Party. This is the party that Iraqi Prime Minister Nuri al-Maliki heads, although the party no longer has a militia wing. Seventeen Da'wa activists were arrested for these attacks, and Da'wa activists hijacked a Kuwait Airlines plane in 1987. Since the fall of Saddam Hussein, Kuwait has built a water line into Iraq, and it ran a humanitarian operation center (HOC) that gave over \$550 million in assistance to Iraqis, in line with Kuwaiti pledges. A Kuwaiti company, First Kuwaiti General Trading and Contracting, was lead contractor on the large new U.S. embassy in Iraq.

On April 22, 2008, Kuwait hosted a regional conference on Iraq's stability, which included the United States, Iran, and other neighboring countries. On July 18, 2008, Kuwait named its first ambassador to Iraq since the 1990 Iraqi invasion—Ali al Momen, a retired general. Momen is a Shiite Muslim, and his appointment signaled Kuwait's acceptance that Iraq is now dominated politically by Shiites. The potential for a breakthrough occurred on January 12, 2011, when Prime Minister Nasser became the first Kuwait prime minister to visit Iraq since the August 2, 1990, invasion. Kuwaiti leaders reportedly appreciated the statement by Iraqi Prime Minister Maliki, a few days before the visit, that Iraq's former ambitions against Kuwait "have gone forever and will never return again."⁹ These statements paved the way for Maliki's visit to Kuwait on February 16, 2011.

By July 2011, the exchange of visits in early 2011 had given way to mutual suspicions and recriminations that have plagued their relations since Kuwait's independence. On July 23, 2011, Iraqi parliamentarians called on Kuwait to suspend construction for its Mubarak the Great (named after a past ruler) because it would impinge on Iraq's attempts to expand its access to the Persian Gulf at the tip of the Faw peninsula. Other parliamentarians alleged that Kuwait is slant drilling in the area and therefore stealing oil from Iraq. The disputes were reminiscent of the arguments made by Saddam Hussein to try to justify his invasion of Kuwait in 1990; he claimed that Kuwait sought to economically strangle Iraq. The Iraqi parliamentary criticism came days after an Iraqi Shiite militia supported by Iran (the militia of young cleric Moqtada Al Sadr) rocketed Kuwait's embassy in Iraq and caused Kuwait to pull its diplomats back to Kuwait. An allied militia threatened to attack South Korean firms who are building out the Mubarak the Great port.

Residual Issues Related to the 1990 Iraqi Invasion

Even before the July 2011 disputes emerged, the lingering after-effects of the 1990 Iraqi invasion had not been fully resolved. U.N. officials, as outlined in a July 27, 2009, report by the Secretary

⁸ Department of State. "Remarks With Kuwaiti Deputy Prime Minister Muhammad Al Sabah After Their Meeting." April 30, 2010.

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

General pursuant to U.N. Security Council Resolution 1859 (December 22, 2008),¹⁰ and a June 9, 2010, report pursuant to Resolution 1284 (December 17, 1999), attempted to find compromises to satisfy both sides. Kuwait has been reluctant to drop its insistence on full U.N.-supervised reparations by Iraq for damages caused from the 1990 invasion. Iraq wants the issue closed out not only to end its standing as a country under “Chapter 7” U.N. Resolution mandates, but also to cease the deduction of 5% of all its revenue that is used to pay compensation to the victims of the Iraqi invasion of Kuwait. About \$25 billion still is owed to Kuwaiti claimants, which, at current Iraqi revenue rates, could still take many years to pay off. This issue is the crux of U.N. discussions that Iraq hoped would result in an end to Chapter 7 mandates, and some discussions focused on, as an interim step, reducing the percentage deduction to 1% or 2%. However, the results were mixed for Iraq on December 15, 2010, when the U.N. Security Council passed three resolutions—1956, 1957, and 1958. The resolutions did end most Saddam-era sanctions against Iraq but continued the reparations process and the 5% automatic revenue deduction to fund it.

The U.N. resolutions adopted December 15, 2010, did not declare ended the effort, required under post-1991 war U.N. resolutions (most notably 687), to resolve the fate of the 605 Kuwaitis missing and presumed dead from the 1991 war. The cases of 369 Kuwaiti and third-party nationals remain unresolved; the bodies of over 227 have been found (confirmed by DNA tests) in post-Saddam searches. According to a June 9, 2010, U.N. report mentioned above, no cases were closed from October 2009 until the June 2010 report. However, the June 9, 2010, report stated that Iraq had expressed gratitude to Kuwait for a \$1 million grant to the Iraqi Ministry of Human Rights, which is the lead Iraqi agency trying to determine the fate of the Kuwaitis. A Tripartite Commission on the issue (Kuwait, Iraq, International Committee of the Red Cross) met on May 18, 2011 for the first time in many years. A June 20, 2011 U.N. report (S/2011/373) did not indicate any additional Kuwaiti cases had been resolved, although it did note that the remains of 32 persons believed to be Iraqi military personnel killed during the Iraqi retreat from Kuwait had been discovered. This added to the return by Kuwait of the remains of 55 Iraqi soldiers to Iraq in 2010. The June 2011 U.N. report said no progress had been made (since the June 2010 report) on the whereabouts of the Kuwaiti National Archives.

There is also a dispute over the share of costs to maintain the markings system of the U.N.-demarcated border between them. Although this issue is not settled, in July 2010 Kuwait gave preliminary approval to open a special border crossing into Iraq that would facilitate the work of international oil companies working in Iraq. Among other residual issues from the Saddam era, in 2004, Kuwait reportedly pledged to forgive a substantial portion of the \$25 billion Saddam era debt, but it has not written off the debt to date.

Arab-Israeli Dispute

After Kuwait’s liberation in 1991, Kuwait’s fear of Saddam Hussein colored its foreign relations. On the Arab-Israeli dispute, Kuwait was more critical than were the other Gulf states of the late Palestinian leader Yasir Arafat because he had opposed war to liberate Kuwait. Because of Arafat’s stance, Kuwait expelled about 450,000 Palestinian workers after liberation. Kuwait has maintained consistent ties to Hamas, and in March 2006, pledged \$7.5 million per month in aid to the then Hamas-led government. Kuwait supported a Saudi-brokered Fatah-Hamas unity government in March 2007, which later fractured. At a March 2, 2009, conference in Cairo,

¹⁰ Report of the Secretary-General Pursuant to Paragraph 5 of Resolution 1859 (2008). S/2009/385, July 27, 2009.

Kuwait pledged \$200 million for Gaza reconstruction following the Israel-Hamas war of December 2008-January 2009.

During the period of active Gulf-Israel negotiations (1992-97), Kuwait attended multilateral working group peace talks with Israel—sessions on arms control, water resources, refugees, and other issues that were begun as part of the “Oslo Accords process” between Israel and the Palestinians. However, Kuwait did not host any sessions of the multilaterals. In 1994, Kuwait was key in persuading the other Gulf monarchies to cease enforcement of the secondary (trade with firms that deal with Israel) and tertiary (trade with firms that do business with blacklisted firms) Arab boycotts of Israel. However, Kuwait did not, as did Qatar and Oman, subsequently exchange trade offices with Israel, amounting to a renunciation of the primary boycott (boycott on direct trade with Israel). Still, possibly because it is distracted by its internal political crises, Kuwait has not, as has Saudi Arabia or Qatar, stepped forward as a major mediator in intra-Palestinian disputes, nor has it publicly advanced its own proposals for resolving the dispute.

Iran

During the rule of Saddam Hussein of Iraq, Kuwait was seen by its Gulf neighbors as too willing to engage and support Iran as a potential counterweight to Saddam. Kuwait often hosted pro-Iranian Iraqi Shiite oppositionists against Saddam, even though these same Shiite groups had conducted attacks in Kuwait in the 1980s. Unlike Bahrain, Kuwait’s leaders did not publicly accuse Iran of attempting to support Kuwaiti Shiites as a potential internal opposition in Kuwait. The Amir, in November 2009, publicly endorsed Iran’s right to purely peaceful nuclear energy.

Since Saddam’s fall, Kuwait has taken a slightly harder line against Iran, in conjunction with U.S. efforts to enact strict international sanctions on Iran to compel it to curb its nuclear program. In December 2009, Kuwait declined to invite Iran to the GCC summit in Kuwait that month. By agreement among GCC leaders, it is the host nation for each year’s summit that has the discretion whether to invite non-GCC leaders to the summit. (Qatar angered some Gulf leaders by inviting Iranian President Mahmoud Ahmadinejad to the GCC summit in 2007.) In May 2010, Kuwait confirmed that it had arrested some Kuwaiti civil servants and stateless residents for allegedly working on behalf of the Qods (Jerusalem) Force of the Revolutionary Guard Corps of Iran in a plot to blow up Kuwaiti energy facilities.¹¹ The Qods Force is the unit that supports pro-Iranian movements and conducts espionage in neighboring and other foreign countries. The arrests could suggest that Iran might be looking to Kuwait to exert leverage on the United States, presumably by positioning Iran to be able to attack U.S. forces withdrawing from Iraq. In March 2011, a Kuwait court sentenced two Iranians and a Kuwaiti to death in the alleged plot. Subsequently, Kuwait expelled three Iranian diplomats, and Iran expelled three Kuwaiti diplomats in response. However, a visit to Kuwait by Iranian Foreign Minister Ali Akbar Salehi on May 19, 2011, partly calmed tensions; both sides agreed to return their respective ambassadors.

Kuwait also is cooperating with the growing global consensus to sanction Iran. In July 2010, a U.S. law, P.L. 111-195 (the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010) was enacted that would penalize firms that supply gasoline to Iran. A Kuwaiti gasoline

¹¹ “Iran Spy Cell Dismantled in Kuwait.” Associated Press, May 6, 2010; “Iran Cell Planned Attacks in Kuwait, Minister Says. *Reuters*, April 21, 2011.

trading firm, Kuwait's Independent Petroleum Group, was reported to be a supplier of gasoline to Iran,¹² although the firm has told U.S. officials it is not doing so, as of September 2010.

Positions and Actions on 2011 Unrest in the Arab World

Kuwait has taken some minor actions toward the uprisings in the Middle East in 2011, although of course paying the closest attention to the situation in Bahrain, which is a fellow Gulf state. As noted above, Kuwait supported the March 14, 2011, intervention of the GCC's "Peninsula Shield" unit to assist Bahraini security forces' suppression of unrest there. However, the nearly 2,000 GCC forces that entered Bahrain were Saudi troops and UAE police, and Kuwaiti sent only a naval unit ostensibly to help Bahrain protect its maritime boundaries. The naval unit returned to Kuwait in July 2011 following the end of the state of emergency and beginning of a national dialogue between the Bahrain government and oppositionists. Backing the GCC intervention put Kuwait somewhat at odds with the United States, which supports dialogue between Bahrain's government and protesters, and not repression. It also, as noted, put the government somewhat at odds with many Kuwaiti Shiites. At the risk of Kuwaiti Shiite criticism, Prime Minister Nasser visited Bahrain during July 9, 2011.

On Libya, Kuwait has supported the Arab League position in favor of U.N.-mandated intervention to protect civilians. On April 24, Kuwait stopped short of recognizing the Transitional National Council (TNC) as the legitimate representative of the Libyan people, (an action that Qatar and the UAE have taken), but it did pledge about \$177 million in financial aid to the TNC. Of that amount, \$50 million was made available to the TNC in connection with a July 15, 2011 meeting of an international contact group on Libya, held in Istanbul.

Other Issues

Kuwait has not contributed troops to the U.S. and NATO stabilization operation in Afghanistan. However, Kuwait, as a GCC state, has been involved in attempting a negotiated solution to the political crisis in Yemen triggered by the uprising there in 2011. In July 2011, Kuwait contributed \$1 million to help relieve the effects of drought in Somalia.

Kuwaiti Cooperation Against Islamic Militancy

The State Department report on global terrorism for 2009 (released August 5, 2010) credited Kuwaiti leaders with increased denunciations of terrorism by Kuwaiti leaders and with new steps against local Sunni extremists that pose a danger to U.S. and Kuwaiti interests. However, the risk of a terrorist attack in Kuwait remained "high," according to the report, and there is still a relative lack of legal provisions that deal specifically with terrorism. On the other hand, a draft law was submitted to the National Assembly in December 2009 that strengthens laws against terrorism financing. Some Kuwait-based organizations have proved problematic in the past. On June 13, 2008, the Treasury Department froze the assets of a Kuwaiti charity with alleged links to Al Qaeda—the Revival of Islamic Heritage Society—under Executive Order 13224.

¹² http://www.defenddemocracy.org/index.php?option=com_content&task=view&id=11788115&Itemid=105.

The report repeats praise for Kuwait's programs to encourage moderation in Islam in Kuwait, and for funding a four-year Action Plan of counterterrorism programs. Among plans drawn up by Kuwait's Ministry of Interior in October 2009 are programs to prevent smuggling, the counter radicalization, and a television network to secure vital installations and transportation routes. Other programs are intended to enhance air and sea port security. The NADR funds shown above assist Kuwait with counterterrorism efforts, border control, and export controls.

Kuwaiti Economic Policy

The global financial crisis of 2008-2009 caused unrest in Kuwait over falling stock prices and the effects of lower oil prices. As noted above, executive-legislative disputes delayed passage of stimulus measures to address the crisis. However, as the crisis abated, the Assembly has taken some steps to try to ensure Kuwait's long term economic health. The body passed legislation, which took effect September 2010, to privatize major sectors of the Kuwait economy. The planned privatization of Kuwait Airways is reportedly moving forward as well. However, some Kuwaitis, particularly those newly naturalized and less affluent than longtime citizens, fear that privatization will bring higher unemployment. The large Kuwait budget adopted in late June 2011 might have been intended to alleviate those concerns. Still, the political deadlock in Kuwait, and perceptions of economic and political stagnation, has caused foreign direct investment in Kuwait to lag that of its neighbors significantly. Only \$800 million has been invested in Kuwait in the past ten years. In contrast, in the same time period, \$10 billion was invested in Bahrain, \$73 billion in UAE, and \$130 billion in Saudi Arabia.¹³

The government-Assembly political deadlock also has prevented movement on several major initiatives, the most prominent of which is Project Kuwait. The project, backed by the Kuwaiti government, would open Kuwait's northern oil fields to foreign investment to generate about 500,000 barrels per day of extra production. The Assembly has blocked the \$8.5 billion project for over a decade because of concerns about Kuwait's sovereignty, and observers say no compromise is in sight. As far as a project to build a fourth oil refinery, estimated to cost \$8 billion, the Assembly blocked the project in 2008 by alleging that the contracts awarded by the state oil company did not comply with procedures set out by Kuwait's Central Tenders Committee, which handles all public sector contracts. It has not advanced.

The 2008 financial crisis, coupled with the political infighting, also caused Kuwait to shelve the formation of a joint venture with Dow Chemical to form the largest maker of polyethylene. On December 29, 2008, the government cancelled the venture, which was to have required a Kuwaiti investment of \$7.5 billion by state-run Petrochemical Industries Co. Kuwait and Dow Chemical had finalized an agreement for the joint venture in November 2008, and Dow Chemical expressed surprise at Kuwait's cancellation only four weeks later. Dow had planned to use the proceeds of the investment to fund its purchase of the Rohm and Haas chemical firm, although that deal ultimately went through anyway.

The state-owned oil industry still accounts for 75% of government income and 90% of export earnings. The United States imports about 260,000 barrels per day in crude oil from Kuwait (about 3% of U.S. oil imports). Kuwait's proven crude oil reserves are about 95 billion barrels, enough for about 140 years at current production levels. Total U.S. exports to Kuwait in 2010

¹³ "Kuwait in Crisis As Ruling Family Splits, MP's Rebel." Reuters, June 7, 2011.

were about \$2.575 billion, consisting mostly of foods, industrial equipment, and automobiles. Total U.S. imports from Kuwait in 2010 were about \$5 billion. The latest year for which a product by product breakdown of imports is available is 2009; that year, the United States imported \$3.65 billion worth of crude oil,¹⁴ virtually all of the \$3.782 billion worth of total products imported from Kuwait that year.

Like other Gulf states, Kuwait sees peaceful uses of nuclear energy as important to its economy, although doing so always raises fears among some in the United States, Israel, and elsewhere about the ultimate intentions of developing a nuclear program. Kuwait is cooperating with the International Atomic Energy Agency (IAEA) to ensure international oversight of any nuclear work in Kuwait.

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

¹⁴ U.S. Census Bureau: Foreign Trade Statistics. <http://www.census.gov/foreign-trade/statistics>.

Figure I. Map of Kuwait



Source: CRS Graphics.

Author Contact Information

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