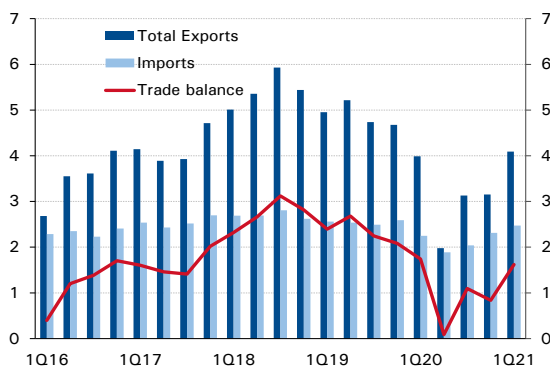


Trade recovery is getting underway in 2021

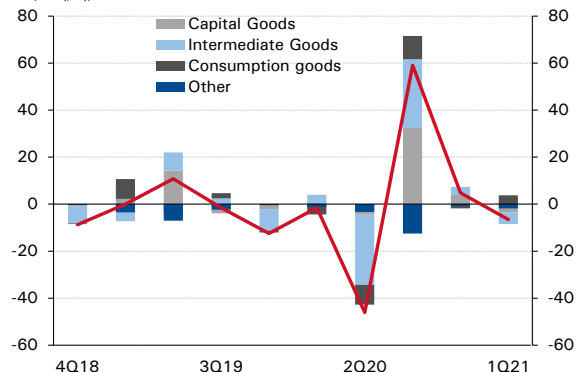
- Total trade in goods (exports *plus* imports) increased by 20% q/q in 1Q21, compared to 5.8% in the previous quarter. In addition, the trade balance (total exports *minus* imports) recovered to near its 1Q20 level at KD1.6 billion compared with KD0.8 billion in 4Q20. Trade growth was driven by both exports and imports, with the former jumping by 30% q/q (2.6% y/y).
- Oil exports (92% of total exports) increased by 34% q/q mainly due to a higher KEC oil price, which surged by 36% q/q (15.7% y/y) to reach \$60/bbl. during 1Q21, while oil production was little changed. Non-oil exports (domestic exports plus re-exports) fell by 6.3% q/q mainly due to the decline in capital goods (-28% y/y) and intermediate goods ex. oil (-8.7% y/y). On the other hand, consumption exports increased by 12.9% q/q on higher re-exports of passenger cars, which rose by 27% q/q.
- The rise in imports by 6.8% q/q reflects the continued, albeit gradual, normalization of demand and improvement in the broader economy. Consumption goods – worth around half of all imports – rose 6.7% and were back above pre-pandemic levels helped by a further rebound in car imports, which had dropped sharply last year. Imports of capital goods however saw renewed decline (-4.4%) likely reflecting the continued sluggish pace of domestic investment.
- In terms of trade direction, China remained the main trading partner for Kuwait, acquiring around 7% of total Kuwaiti trade (excluding oil exports) in 1Q21, followed by the UAE, the US, Saudi Arabia, and India.

▶ **Chart 1: Kuwait trade**
(KD billion)



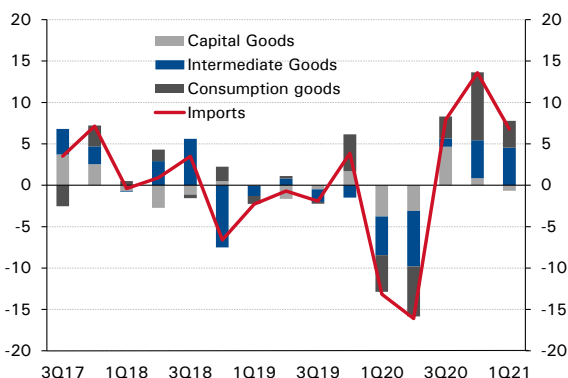
Source: CSB

▶ **Chart 2: Non-oil exports**
(% q/q)



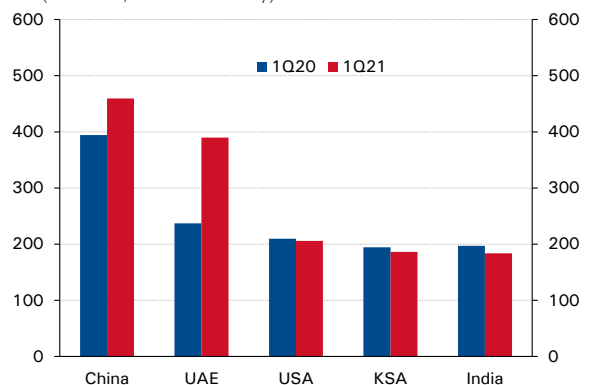
Source: CSB

▶ **Chart 3: Imports**
(% q/q)



Source: CSB

▶ **Chart 4: Main trading partners**
(KD million, non-oil trade only)



Source: CSB