

## **Pakistan's Relations with Kuwait: Furthering Strategic Cooperation with the Gulf**

*Pakistan's Prime Minister Nawaz Sharif visited Kuwait on 6 and 7 March 2017. The key objective of his visit was to persuade Kuwait to ease visa restrictions on Pakistani citizens. The issue of Pakistan's disproportionate trade imbalance with Kuwait was also taken up during meetings with Kuwaiti rulers. This visit was also an opportunity for the Pakistani delegation to canvas for foreign direct investment projects in Pakistan. This paper provides an analysis of the relationship between Pakistan and Kuwait. It also identifies possible areas for future bilateral and multilateral strategic cooperation.*

Anish Mishra<sup>1</sup>

### **Introduction**

Kuwait is located in the north-eastern tip of the Persian Gulf, bordering Iraq and Saudi Arabia. It also has a sea border with Iran while Pakistan is connected to Iran by land. Kuwait has a population of 2.9 million (around half that is of Singapore).<sup>2</sup> It has an area of 17,818 square

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<sup>1</sup> Mr Anish Mishra is a student at the Singapore Institute of Management and a former Intern at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore. He can be contacted at [anishmishrasg@hotmail.com](mailto:anishmishrasg@hotmail.com). The author bears full responsibility for the facts cited and opinions expressed in this paper.

<sup>2</sup> "Kuwait country profile". BBC News, BBC, [www.bbc.com/news/world-middle-east-14644252](http://www.bbc.com/news/world-middle-east-14644252)

kilometres, of which only 0.5 per cent is arable land.<sup>3</sup> Hence, Kuwait is almost entirely dependant on imports to feed its people. Kuwait possesses the world's sixth largest oil reserves. This oil-rich economy has a nominal gross domestic product (GDP) of US\$161 billion. Given its small population, Kuwait is a high income country with a GDP per capita of US\$37,280, making it wealthier than even some countries in the European Union.<sup>4</sup>

Pakistan and Kuwait share a very congenital relationship. As Muslim majority countries, both are member states of the Organisation of Islamic Cooperation. It has always been a key ingredient of Pakistan's foreign policy to develop cordial relations with all Muslim countries. Kuwait is also a member of the Gulf Cooperation Council (GCC) while Pakistan has strong bilateral relations with each of the six GCC countries. The linkages between the two countries predate the genesis of Pakistan. Between 2,000-1,000 BC, during the Greek colonial era, Kuwait, then named Ikaros, served as an important trading post on the route between Mesopotamia and the Indian subcontinent.<sup>5</sup>

## **Pakistan's Role in the Gulf War**

In August 1990, under the regime of Iraqi President Saddam Hussein, Kuwait was invaded and annexed to Iraq as one of its provinces. It remained occupied by Iraq until it was liberated by the United States (US)-led multinational Operation Desert Storm that took place from January to March 1991. In between the period from the Iraqi invasion to the commencement of Operation Desert Storm, there was an election in Pakistan on 24 October 1990 that saw Nawaz Sharif elected as the country's prime minister for the first time. Back then, the Pakistani public and political stance was divided on the situation in the Gulf. The newly-elected prime minister took a tough decision to align Pakistan with the US and Saudi Arabia against Iraq. This foreign policy position of the Pakistan government led to the direct participation of Pakistan in the liberation of Kuwait. Nawaz Sharif's party, the Pakistan Muslim League-Nawaz (PML-N), was in an alliance of right-wing Islamist parties known as the Islami Jamhoori Ittehad of which the

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<sup>3</sup> "Arable land (% of land area)." Data, World Bank [www.data.worldbank.org/indicator/AG.LND.ARBL.ZS?end=2014&locations=KW&start=1961](http://www.data.worldbank.org/indicator/AG.LND.ARBL.ZS?end=2014&locations=KW&start=1961)

<sup>4</sup> "IMF Report for Selected Countries and Subjects: Kuwait." International Monetary Fund, [www.imf.org/external/pubs/ft/weo/2015/01/weodata/weorept.aspx?sy=2013&ey=2020&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=66&pr1.y=6&c=443&s=NGDPD%2CNGDPDPC%2CPPPGDP%2CPPPPC&grp=0&a=](http://www.imf.org/external/pubs/ft/weo/2015/01/weodata/weorept.aspx?sy=2013&ey=2020&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=66&pr1.y=6&c=443&s=NGDPD%2CNGDPDPC%2CPPPGDP%2CPPPPC&grp=0&a=)

<sup>5</sup> "Kuwait country profile", op. cit.

Jammat-e-Islami (JI) was also a member. JI's leader, Qazi Hussein Ahmed, was against Pakistan supporting the US in the Gulf War. The Islamist sentiment viewed the introduction of US troops into the Arabian Peninsula as imperialistic.

As observed by Ambassador Husain Haqqani, "ironically, the Islamists' support for Iraq against the United States was in harmony with the public stand of the Army Chief, General Mirza Aslam Beg, and with Pakistani public opinion, which showed overwhelming support for Saddam Hussein...Despite the congruence of views of the Islamists and the Army Chief, Nawaz Sharif's policy of supporting the United States prevailed."<sup>6</sup>

This was well appreciated by Kuwait and generated goodwill towards Pakistan. As Nawaz Sharif is also the current prime minister of Pakistan, his policies towards Kuwait in the 1990s provides him with a source of political capital when dealing with the Kuwaitis. Therefore, relations between Pakistan and Kuwait are bound to take a positive trajectory under the rule of the PML-N government.

Prime Minister Nawaz Sharif visited Kuwait on 6 and 7 March 2017. He was "accompanied by Shahid Khaqan Abbasi, Minister of Petroleum and Natural Resources; Syed Tariq Fatemi, Special Assistant to the Prime Minister on Foreign Affairs; and Chairman Board of Investment (Pakistan) Miftah Ismail."<sup>7</sup> The most important issue that featured on the agenda of this visit was to urge Kuwait to ease visa restrictions on Pakistani nationals.

## **Kuwait Visa Restrictions**

Since 2011, Kuwait has imposed strict visa restriction on the citizens of Pakistan as well as Syria, Iraq, Iran and Afghanistan. As reported by Pakistani newspaper, *The Nation*, Pakistan's Ambassador to Kuwait, Ghulam Dastgir, said, "No visa ban is being imposed from Kuwait on Pakistanis and all such reports are baseless."<sup>8</sup> While it is true that there is no blanket ban on

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<sup>6</sup> Husain Haqqani. Pakistan: between mosque and military, p 280.

<sup>7</sup> "Curtain Raiser – Prime Minister's visit to the State of Kuwait". Ministry of Foreign Affairs – Islamabad, Pakistan, [www.mofa.gov.pk/pr-details.php?mm=NDgxNQ%2C%2C](http://www.mofa.gov.pk/pr-details.php?mm=NDgxNQ%2C%2C).

<sup>8</sup> "No visa restrictions being imposed by Kuwait on Pakistanis: Pakistan ambassador." *The Nation*, [www.nation.com.pk/national/03-Feb-2017/no-visa-restrictions-being-imposed-by-kuwait-on-pakistanis-pakistan-ambassador](http://www.nation.com.pk/national/03-Feb-2017/no-visa-restrictions-being-imposed-by-kuwait-on-pakistanis-pakistan-ambassador).

Pakistanis entering Kuwait, there are, however, stringent restrictions in place that make it extremely difficult and inconvenient for Pakistanis to obtain a visa for Kuwait.

This has an impact on both remittances and bilateral trade. Kuwait is currently home to 114,000 members of the Pakistani diaspora.<sup>9</sup> According to official figures from the State Bank of Pakistan (Pakistan's central bank), between July 2016 to February 2017, Pakistan received US\$503.34 million in worker remittances from Kuwait.<sup>10</sup> In the same duration, Oman remitted US\$505.75 million to Pakistan which is almost the same as the amount received from Kuwait. However, the Pakistani community in Oman is much larger at 250,000 strong.<sup>11</sup> It can be interpolated that Pakistanis are able to earn more in Kuwait than in Oman. Hence, if visa restrictions are lifted, Pakistan would be able to increase the size of its diaspora in Kuwait and it would be able to receive even more in remittances. Pakistan should make use of its vocational training institutes as a platform to export skill labour to Kuwait. This can be a possible area of bilateral cooperation after visa restrictions are relaxed.

During his meeting with Kuwaiti Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, Prime Minister Nawaz Sharif “spoke most importantly of the need for lifting of visa restrictions at it would remove a major hurdle in freedom of movement for the business community.”<sup>12</sup> This matter was also raised with the Emir (King) of Kuwait, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah. Kuwait expressed its willingness to ease visa restrictions for Pakistanis. It is widely expected that this would be fully implemented within the next few months. This is undoubtedly the most successful outcome of Prime Minister Nawaz Sharif's visit to Kuwait.

On 18 April 2012, there was an official meeting between the then-Foreign Minister of Pakistan, Hina Rabbani Khar, and Ambassador of Kuwait to Pakistan, Nawaf Abdulaziz A A Alenezi,

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<sup>9</sup> “PM meets His Highness Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah Prime Minister of the State of Kuwait”. Prime Minister's Office, Islamabad, Pakistan, [www.pmo.gov.pk/press\\_release\\_details.php?pr\\_id=1729](http://www.pmo.gov.pk/press_release_details.php?pr_id=1729).

<sup>10</sup> “State Bank of Pakistan: Statistics & DWH Department, Country-Wise Workers' Remittances.” [www.sbp.org.pk/ecodata/Homeremit.pdf](http://www.sbp.org.pk/ecodata/Homeremit.pdf).

<sup>11</sup> Cited in: Anish Mishra, Pakistan's Relations with Oman: An Important Gateway to the Gulf, ISAS Insights No.383 - 24 January 2017, available at <https://www.isas.nus.edu.sg/ISAS%20Reports/ISAS%20Insights%20No.%20383%20-%20Pakistan%E2%80%99s%20Relations%20with%20Oman%20-%20An%20Important%20Gateway%20to%20the%20Gulf.pdf>

<sup>12</sup> “PM meets His Highness Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah Prime Minister of the State of Kuwait”, op. cit.

on “the issue of visa facilitation and important consular matters.”<sup>13</sup> Looking back with the benefit of hindsight, nothing significant came out of the meeting. This matter has been continuously pursued by successive Pakistani governments over the last few years. Visa restrictions have also hindered Pakistan’s trade with Kuwait; this has been perceived as the greatest non-tariff barrier by the Pakistani business community. On the other hand, a Kuwaiti passport holder is able to get a visa for Pakistan within three working days while it takes much longer even for Pakistani trade visitors to Kuwait. This creates an uneven playing field for commerce activities between Kuwait and Pakistan.

## Trade Relations

Pakistan suffers from a disproportionate trade imbalance with Kuwait. In 2015, Kuwait exported US\$1.63 billion worth of goods to Pakistan while Pakistan’s total exports to Kuwait were valued at US\$183 million.<sup>14</sup> This can be attributed to the nature of goods traded between the two countries. Kuwait’s main export to Pakistan is refined petroleum which makes up 79 per cent of its total exports to Pakistan.<sup>15</sup> The other key Kuwait’s exports are hydrocarbons and chemical products made from crude oil. So, while Pakistan imports high value goods from Kuwait, its main exports are *halal* meat, agricultural products (including rice and cereal), and textiles and garments.<sup>16</sup>

Kuwait’s main exporter to Pakistan is the Kuwaiti government while Pakistan’s exports to Kuwait are from the private sector. This realisation was quite evident when, during his visit to Kuwait, Prime Minister Nawaz Sharif stated, “Encouraging greater private sector interaction could enhance the existing level of trade as well as bridge the imbalance in existing trade patterns...there is great potential for cooperation in the fields of agriculture, construction, poultry, livestock and fisheries and, to this end, meetings of experts of the two countries be held to work out a plan of action.”<sup>17</sup> Prime Minister Nawaz Sharif also proposed establishing

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<sup>13</sup> “Ambassador of Kuwait calls on Foreign Minister.” Ministry of Foreign Affairs – Islamabad, Pakistan, [www.mofa.gov.pk/pr-details.php?mm=MTkw](http://www.mofa.gov.pk/pr-details.php?mm=MTkw).

<sup>14</sup> “Pakistan-Kuwait Imports/Exports”. The Observatory of Economic Complexity, Massachusetts Institute of Technology Media lab [www.atlas.media.mit.edu/en/visualize/tree\\_map/hs92/import/kwt/pak/show/2014/](http://www.atlas.media.mit.edu/en/visualize/tree_map/hs92/import/kwt/pak/show/2014/).

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> “PM meets His Highness Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah Prime Minister of the State of Kuwait”, op. cit.

a “Pakistan-Kuwait Joint Business Council between two apex chambers of commerce to address these issues.”<sup>18</sup>

Pakistan is currently in a process of bilaterally gaining support of the Gulf States to advance negotiations for the Pakistan-GCC Free Trade Agreement (FTA). This has been welcomed by countries such as Bahrain and Oman, and Kuwait has also been receptive of the prospects of the Pakistan-GCC FTA. In the meeting with the Kuwaiti Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah, Prime Minister Nawaz Sharif also “emphasised the importance of early resumption of [the] GCC-Pakistan Free Trade Agreement negotiations with the support of Kuwait.”<sup>19</sup> The free trade agreement with the Gulf is one of Pakistan’s key foreign policy objectives in the region. As mentioned earlier in this paper, Pakistan has a land border with Iran, and Kuwait shares a maritime border with Iran. This provides the impetus for a trilateral transit trade agreement between Kuwait, Iran and Pakistan that would facilitate trade between Pakistan and the Gulf. Moreover, Pakistan strategic position at the crossroads of regions, coupled with the China Pakistan Economic Corridor (CPEC), enables Pakistan to offer the export oriented economies of the Persian Gulf access to major trade routes.

Pakistan is also actively seeking foreign direct investment from Kuwait in the field of infrastructure development and energy projects. As Prime Minister Nawaz Sharif said in Kuwait, “Pakistan is an investment-friendly country and an attractive destination for foreign investors, due to its liberal investment policy and high rate of return. There are ample opportunities for investors, with 100 per cent equity or joint ventures in Pakistan. Over 1,000 leading multinational companies are currently successfully operating in various sectors of our economy.”<sup>20</sup> The Pakistani Prime Minister also held a meeting with members of the Kuwait Chamber of Commerce at the Bubyah Palace. He told the Kuwaiti trade delegation that “Pakistan’s economy is back on track after strenuous efforts of the present government...leading financial institutions of the world have acknowledged the tremendous achievements made by Pakistan in the areas of macroeconomic stability, GDP growth, low inflation and achieving new heights in stock exchange.”<sup>21</sup> Prime Minister Nawaz Sharif also told the delegation that “special focus is being given to building infrastructure, motorways and

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<sup>18</sup> “Pakistan-Kuwait Imports/Exports”, op. cit.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> “Prime Minister’s Office, Islamabad, Pakistan.” PM Meets Kuwaiti Delegation, [www.pmo.gov.pk/press\\_release\\_details.php?pr\\_id=1726](http://www.pmo.gov.pk/press_release_details.php?pr_id=1726)

expressways all over Pakistan. [The] CPEC alone has the potential to accelerate trade and business activities in the entire region. We are welcoming countries of the region to join [the] CPEC and reap the benefits of this significant connectivity project.”<sup>22</sup> This is reflective of the importance that the PML-N government places on infrastructure. There has probably never been an occasion where Prime Minister Nawaz Sharif has spoken for more than 15 minutes without mentioning infrastructure projects in Pakistan. This indicates that Pakistan would actively create an accommodative environment for foreign investors seeking to venture into the field of infrastructure development in Pakistan as this is a core pillar of the public policy of the PML-N.

## **Conclusion**

In the due course of time, the visit of Prime Minister Nawaz Sharif to Kuwait that took place on 6 and 7 March 2017 will prove to have played a significant role in taking the relationship between Pakistan and Kuwait to greater heights. In the short run, the lifting of visa restrictions will boost Pakistan’s exports to Kuwait as traders would be able to enter the country to do business and settle potential disputes or arbitrations if necessary. Also, increasing the size of the Pakistani diaspora in Kuwait, topped with its status of a high income country, will cause a remittance boom flowing from Kuwait into Pakistan. This visit also highlights the diplomatic efforts by Pakistan to consolidate its ties with the Gulf. It is of high importance for Pakistan to continue developing bilateral relations with the individual GCC members in order to strengthen its position when working with the GCC multilaterally as a regional organisation. In the medium to long run, the CPEC project, as well as the geostrategic position of Pakistan, will make the country an invaluable ally of the Gulf States. It will ensure that Pakistan has a special spot on the foreign policy agenda of all GCC countries. This will be especially so after the implementation of the Pakistan-GCC FTA.

Pakistan’s relations with Kuwait signal a desire to establish similar linkages with the rest of the Gulf. This ultimately leads to the idea of a kind of an extended Gulf economic collaborative system that includes Pakistan. It also appears that Pakistan’s strategy of managing relations with the GCC has been to strengthen its relations with each of the six GCC countries bilaterally,

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<sup>22</sup> Ibid.

and by developing a higher level relationship status with the individual states of the Gulf, Pakistan will be able to advance its relations with the GCC. The logic behind this is that, in the case of well integrated regional organisations like the GCC, the European Union and the Association of South East Asian Nations where there are low level antagonisms, if any, between members, that is, unlike the South Asian Association for Regional Cooperation, having strong relations with all of the GCC members on a bilateral basis will undoubtedly translate into a relationship of similar or greater intensity with the entire regional organisation.

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