

“Press Release”

Key Developments in the Balance of Payments of the State of Kuwait for the Year 2020

The Central Bank of Kuwait (CBK) published today the preliminary data of the State of Kuwait’s Balance of Payments (BoP) for 2020, and the revised data of 2019. The external transactions of the Kuwaiti economy showed its ability to overcome the negative impact of the COVID-19 pandemic, as the preliminary data of the Balance of Payments revealed a surplus during 2020 of KD 6,857.8 million in the Current Account (that sums up receipts and payments on transactions between the domestic economy and other economies in terms of goods, services and income) against a surplus of KD 10,125.0 million during the previous year, i.e. a drop by KD 3,267.2 million or 32.3%. This downturn is mainly attributable to the decline in the total value of receipts on the credit side of the Current Account by KD 8,047.6 million or 23.6% compared with the previous year, and the decrease in the total value of payments on the debit side of the Current Account by KD 4,780.4 million or 19.9% compared with the previous year.

Furthermore, preliminary data indicated a drop in the surplus of the Balance on Goods by KD 5,981.3 million or 55.8% to reach KD 4,736.0 million during 2020, against KD 10,717.2 million during the previous year. This fall is driven mainly by the decline in the crude oil exports as a result of lower demand amid slow global growth, and the pandemic-induced plunge in oil prices.

The Services Account (net value of services transactions between residents and non-residents that include transportation, travel, communications, construction, other services as well as government services and goods) recorded a decline in the deficit by KD 2,261.5 million or 41.9% to reach KD 3,139.5 million during 2020, compared with a deficit of KD 5,401.1

million during the previous year. This decline was mainly attributed to the drop in Travel Item due to the pandemic.

Preliminary data of the Financial Account (recording transfers of financial assets and liabilities between residents and non-residents) indicate net capital outflows (growth in residents' net investments abroad) of KD 6,472.1 million during 2020, against net capital outflows of KD 9,435.5 million during the previous year.

As a result, the overall position of Kuwait's BoP recorded a surplus of KD 2,552.6 million during 2020 against a surplus of KD 815.4 million during the previous year.

From a broader perspective, and taking into consideration the change in the net value of external assets of some institutions listed under "General Government" and changes in CBK's reserve assets, the BoP's overall position, in a broad definition, indicates a surplus of KD 3,325.5 million during 2020 against a surplus of KD 3,791.6 million during the previous year.

Summary of the Balance of Payments of the State of Kuwait
(KD Million)

Item	2019*	2020**
Current Account, of which:	10,125.0	6,857.8
- Balance on Goods	(10,717.2)	(4,736.0)
Capital Account	93.0	909.6
Financial Account	-9,435.5	-6,472.1
Overall Balance	815.4	2,552.6

Source: Central Bank of Kuwait.

* Revised data.

** Provisional data.

Negative numbers of Capital Account data indicate net capital outflows, while positive numbers indicate the opposite.

Negative numbers of Financial Account data indicate capital outflows i.e. an increase in external assets or a decrease in foreign liabilities. Positive numbers indicate the opposite.

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