S&P Global
Ratings

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Research Update:

Kuwait Ratings Affirmed At 'A+'; Outlook Remains Negative

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Overview

- Despite higher oil prices and production levels, Kuwait's central government deficits are set to average 12% of GDP through 2025, among the highest of all rated sovereigns.
- The government has almost exhausted the General Reserve Fund's liquidity, having yet to reach an agreement with the opposition-dominated parliament on a comprehensive fiscal funding strategy, which presents financing risks for the state, particularly if oil prices decline.
- Following the conclusion of the National Dialogue, relations between the executive and legislature appear on the mend, increasing the likelihood that parliament will approve the debt law and fiscal consolidation plan.
- Nevertheless, the complexity of Kuwait's fiscal and institutional arrangements pose risks to its public finances, despite the substantial size of its net asset positions.
- We affirmed our long- and short-term ratings on Kuwait at 'A+/A-1'. The outlook remains negative.

Rating Action

On Jan. 14, 2022, S&P Global Ratings affirmed its long- and short-term foreign- and local-currency sovereign credit ratings on Kuwait at 'A+/A-1'. The outlook remains negative.

Outlook

The negative outlook primarily reflects risks over the next 12-24 months relating to the government's ability to overcome the institutional roadblocks preventing it from implementing a financing strategy for future deficits.

Downside scenario

We could lower the ratings if elevated central government deficits persist over the medium term, with no sustainable comprehensive financing arrangements agreed. This could happen, for instance, because of continued confrontation between the government and parliament, rendering the government unable to implement fiscal reforms, pass the debt law, or authorize other sources of budget financing.

Upside scenario

We could revise the outlook to stable if the government successfully addresses Kuwait's existing fiscal funding constraints, for example, through a combination of debt law adoption, authorization to withdraw specified amounts from the Future Generations Fund (FGF) when required, and a fiscal consolidation program.

Rationale

Kuwait is a major oil exporter and currently benefits from the upswing in oil prices from lows at the onset of the COVID-19 pandemic in 2020. Brent oil prices averaged $71 per barrel (/bbl) in 2021, compared with $44/bbl in 2020, and we expect an average price of $65/bbl for 2022 and $55/bbl from 2023 (see "S&P Global Ratings Revises Oil And Natural Gas Price Decks," published Oct. 4, 2021, on RatingsDirect). Meanwhile, the OPEC+ group of oil-producing nations has agreed to ease previous cuts, leading to higher production. Higher oil prices and production volumes support Kuwait's fiscal and balance-of-payments accounts.

Nevertheless, even against this more favorable background we still project that Kuwait will run central government deficits averaging 12% of GDP over the medium term--among the highest of all rated sovereigns. Based on current public spending, we estimate a breakeven oil price that balances the central government's fiscal accounts at $85/bbl-$90/bbl.

Following the expiry of the debt law in 2017, the government has been unable to borrow, relying solely on funding from the main liquidity buffer, the General Reserve Fund (GRF), which has consequently diminished substantially. Meanwhile, persistent parliamentary opposition and the generally confrontational relations between the government and the legislature prevented adoption of a new debt law, implementation of a fiscal reform plan, or authorization of a withdrawal from the much larger portion of the sovereign wealth fund primarily earmarked for the future when oil runs out--the FGF.

Positively, the relationship between the executive and the legislature appears on the mend following the conclusion of the so-called National Dialogue, under which the emir pardoned several political dissidents--one of the key demands of the opposition. In addition, the new government appointed at the beginning of January 2022 includes three opposition members of parliament (MPs).

In our view, these recent reconciliatory moves have the potential to improve previously tense relations between the government and parliament. This increases the likelihood that the two sides can reach an agreement on key structural reforms, including the debt law and fiscal consolidation plan. That said, a comprehensive fiscal funding strategy has still not been adopted. In our view, this presents downside funding risks, particularly if oil prices are weaker than anticipated.

If the GRF runs completely dry, Kuwait could face hard budgetary constraints requiring a rapid and sizable expenditure adjustment. However, even under such an extreme scenario, we would not expect debt service to be affected, primarily because the amounts involved are small. We estimate Kuwait's gross general government debt at 8% of GDP, while interest expenditure is equivalent to only about 1% of total spending. Nevertheless, a potential abrupt spending adjustment could weaken the economy and dent foreign investor confidence. The latter could be particularly important as Kuwait plans to return to foreign market funding in the coming years.

Our ratings on Kuwait remain supported by the country's high accumulated fiscal and external buffers, which mitigate the undiversified nature of the economy. In our baseline scenario, we still assume that the government will overcome previous parliamentary opposition and enact the debt law or tap the FGF if other options are unavailable. The latter could happen if parliament supports the so-called FGF contribution law, which would authorize limited withdrawals from the fund when needed, or if the emir authorizes such withdrawals by direct decree. However, in our view, the decree route appears a less likely outcome because it could further increase political confrontation.

The ratings are constrained by the relatively weak institutional settings compared with those of nonregional peers in the same rating category. Alongside the fact that the relationship between the government and parliament often results in policy stalemates, there are information gaps regarding the size and composition of the GRF and the FGF.

Institutional and economic profile: Improving political consensus follows a period of volatility but the fiscal funding impasse remains unresolved

- Concessions made to opposition MPs under the National Dialogue raise the likelihood of structural reform adoption, in our view.
- Nevertheless, Kuwait's track record in implementing reforms is weak and a comprehensive medium-term fiscal funding strategy has still not been enacted.
- We expect the economy to expand 8% in 2022, mostly as oil production rises in line with OPEC+ cuts moderating.

Kuwait's institutional arrangements have historically been characterized by a confrontational relationship between the government and parliament. In the past, this has frequently undermined attempts at structural reform. The already tense relationship deteriorated through most of 2021 following strong opposition performance in the December 2020 general election. Opposition MPs have opposed government proposals, including adopting the debt law and authorizing limited withdrawals from the FGF. Parliament was suspended for a month from mid-February 2021 and the government has been reshuffled several times.

However, more recently relations between the government and parliament appear to be improving. Following the so-called National Dialogue in October 2021, the emir adopted a decree pardoning several political dissidents and exiles, which was one of the opposition's key demands. In addition, the new government formed in January 2022 includes four MPs instead of the usual one, among which three are opposition MPs. We consider that these concessions bode well for de-escalating past tensions and increase the likelihood of consensus on long-outstanding items, including debt law adoption, authorization of limited withdrawals from the FGF, and broader fiscal reforms. Nevertheless, we believe risks remain, highlighted most prominently by the multiple failed attempts at adopting similar reforms previously.

In our opinion, the most pressing near-term goal of the new government is to address the continuing fiscal funding impasse and depleting GRF. After the debt law expired in 2017, leaving it unable to borrow, the government implemented several measures to conserve liquidity within the GRF. These included suspending previously mandatory transfers from the GRF to FGF and implementing asset swaps whereby less liquid assets have been moved from the GRF to FGF in exchange for cash. Still, we understand that the GRF's liquidity has largely run out and the fund for now remains dependent on current oil sale proceeds. In our view, absent other measures, the authorities could inject liquidity into the GRF by executing illiquid asset swaps with the FGF, but the scale of illiquid assets remaining within the GRF that could be utilized for that purpose is unclear.

Adopting a new debt law currently appears the easiest and most feasible solution politically to address short-term funding needs. That said, the debt law alone is unlikely to resolve Kuwait's fiscal challenges unless the sizable central government deficits are reduced or authorization is granted to draw on the FGF assets when required. We believe that agreeing these other economic priorities could be more challenging. Apart from Qatar, Kuwait remains the only country in the Gulf Cooperation Council (GCC) that has still not implemented value-added tax (VAT), while cutting spending is difficult politically given that most represents public sector wages and subsidies.

Kuwait's economy depends heavily on oil--an estimated 90% of exports and government revenue. The oil sector directly constitutes close to 50% of the country's GDP and even more if we take oil-related activities into account. We expect Kuwait's economic performance to strengthen over the next two years following the challenging 2020-2021 pandemic period when oil prices initially collapsed and OPEC+ implemented oil production cuts. In dollar terms, we project that Kuwait's GDP will reach just under $140 billion in 2024, roughly flat compared with 2018 levels.

Following the July 2021 OPEC+ meeting, the cartel has been increasing oil output by 0.4 million barrels per day (mbpd) every month, which has translated to higher output from Kuwait. Following an estimated 2.4 mbpd average oil output last year, we now project the country will average 2.7 mbpd in 2022, gradually rising to 3.3 mbpd by 2025. Beyond the discontinuation of OPEC+ cuts, Kuwait is planning additional investments to increase production at existing fields as well as utilize the current partially idle production within the Partitioned Neutral Zone with Saudi Arabia. Overall, we expect Kuwait's annual economic growth will average 7% in 2022-2023, followed by 2% over 2024-2025.

Although downside risks from the spread of the Omicron COVID-19 variant remain, the pandemic situation in Kuwait appears to be under control. At year-end 2021, close to 80% of the population was fully vaccinated (with two doses). Although COVID-19 cases have recently risen, deaths and hospitalizations remain contained. Most of the country's previous social-distancing restrictions have been lifted, but some have recently been reintroduced in response to rising infection rates. They are notably less stringent, however, compared with restrictions during the previous waves.

Flexibility and performance profile: Low GRF liquidity still poses risks despite overall sovereign wealth fund assets of an estimated 460% of GDP

- We estimate Kuwait's net general government assets amount to 450% of GDP--the highest ratio of all rated sovereigns.
- Nevertheless, central government deficits are also the highest globally and a comprehensive funding strategy is still absent.
- We expect the Kuwaiti dinar will remain pegged to a U.S. dollar-dominated currency basket.

Kuwait faces risks stemming from the depletion of its main budget financing fund, the GRF. The GRF is the smaller portion of the country's sovereign wealth fund, which also includes the FGF. Due to parliamentary opposition, the government has so far been unable to gain immediate access to the much larger FGF, which is earmarked for when oil runs out.

The authorities have taken some steps over the past two years to address the situation. These have included discontinuing mandatory annual transfers from the GRF to the FGF that were in place for many years. Instead, payments will be suspended in years of fiscal deficits, while in case of a surplus the government would decide how much could be transferred to the FGF. Nevertheless, the adopted measures have so far fallen short of what is needed to address the funding gap.

Passing the debt law could provide a funding source for Kuwait's fiscal deficits in the near future. A more-structural approach aimed at reducing wasteful subsidies and raising revenue through alternative sources could provide longer term stability. However, for political reasons this has been difficult to achieve so far.

Although we understand that the GRF has been substantially diminished, KIA's total assets, including the FGF, remain substantial. This is the main factor supporting the sovereign ratings. No official data are available on the total worth of KIA's assets and the authority is prohibited by law from discussing the exact size of its holdings. Nevertheless, we use several methods to estimate the size of the sovereign wealth fund. These include summing up the government's historical fiscal surpluses or outward financial account flows in the country's balance of payments, the data for which are publicly available. We also rely on IMF data. We estimate KIA's assets at about 460% of GDP at year-end 2021.

Even though the government has so far been unable to access FGF resources, in our baseline scenario we assume that it will eventually succeed in the absence of other options. According to the authorities, funds have been set aside to repay the $3.5 billion (3% of GDP) Eurobond maturing in March 2022.

In addition, we assume the government will be able to access FGF funds if the debt law has not been adopted, to meet future debt repayments. If the government is still unable to tap the FGF (for example, through a yet-to-be adopted FGF contribution law) to meet the repayment, we expect budgetary expenditure would shift to make room for it. We estimate central government budget revenue at Kuwaiti dinar (KWD) 17 billion ($57 billion equivalent in 2021, 90% of which is paid in U.S. dollars due to oil receipts).

Mirroring its strong government asset position, Kuwait's balance-of-payments position is also solid and supports the sovereign ratings. We estimate that at year-end 2021 its net external creditor position was equivalent to about 480% of GDP--among the strongest of all rated sovereigns. We estimate that Kuwait posted a 17% of GDP current account surplus in 2021, supported by recovering oil prices and production volumes, as well as primary income receipts from managing the sizable stock of KIA assets. We forecast the current account balances will gradually diminish but remain in a sizable average surplus of 10% of GDP over 2022-2025.

We expect Kuwait's exchange rate will remain pegged to an undisclosed basket of currencies. This basket is dominated by the U.S. dollar, the currency in which most of Kuwaiti exports are priced and transacted. Although this monetary regime has served Kuwait well in the past, we note that it constrains the country's ability to conduct an independent monetary policy to help cushion against fluctuations in the economic cycle. The local currency debt market is also less developed compared with similarly rated peers.

We consider that the Kuwaiti banking sector has fared well during the pandemic. We note that it entered the downturn in a relatively strong position, with low nonperforming loans (NPLs) of about 1.5%, high provisioning coverage exceeding 200%, and strong capitalization. At the onset of the pandemic in 2020, the regulator acted promptly to implement several support measures for the economy and financial system. Throughout 2020 and 2021, NPLs increased only marginally and the previously adopted forbearance and support measures are being withdrawn.

Key Statistics

Table 1

Kuwait--Selected Indicators

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Economic indicators (%)										
Nominal GDP (bil. LC)	33	37	42	41	32	41	42	41	42	43
Nominal GDP (bil. $)	109	121	138	136	106	135	139	136	140	143
GDP per capita (000s $)	24.8	26.8	29.9	28.5	22.7	29.2	30.3	29.8	30.7	31.6
Real GDP growth	2.9	(4.7)	2.4	(0.6)	(8.9)	0.8	8.0	6.5	2.0	2.0
Real GDP per capita growth	(1.1)	(6.6)	(0.3)	(3.8)	(6.8)	1.8	8.8	7.0	2.5	2.5
Real investment growth	11.6	1.3	3.4	(2.6)	(10.0)	6.0	4.0	3.2	3.0	3.0
Investment/GDP	30.0	27.7	25.3	25.0	26.4	22.7	23.3	24.8	25.3	25.8
Savings/GDP	25.3	35.7	39.7	38.1	29.1	39.6	38.5	35.0	34.7	33.6
Exports/GDP	47.6	51.2	57.5	53.3	44.0	55.7	56.2	53.0	53.0	53.0
Real exports growth	2.5	(4.8)	(0.4)	(10.1)	(10.0)	(0.7)	12.2	8.8	2.5	2.5
Unemployment rate	2.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
External indicators (%)										
Current account balance/GDP	(4.6)	8.0	14.4	13.1	2.7	16.9	15.2	10.2	9.4	7.8
Current account balance/CARs	(7.2)	11.6	19.7	18.4	4.4	24.3	21.7	15.1	13.9	11.5
CARs/GDP	64.1	68.7	72.9	71.1	61.9	69.6	70.0	67.4	67.5	67.8
Trade balance/GDP	17.8	21.3	29.7	25.9	14.6	26.1	25.3	20.8	19.9	19.1
Net FDI/GDP	(3.8)	(7.2)	(2.5)	2.2	(7.7)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Net portfolio equity inflow/GDP	(15.2)	(12.5)	(3.9)	(30.5)	(34.4)	(8.0)	(3.0)	(5.0)	(2.0)	(2.0)
Gross external financing needs/CARs plus usable reserves	143.2	118.6	111.0	118.7	135.3	108.3	115.2	126.6	135.9	144.4
Narrow net external debt/CARs	(682.1)	(601.3)	(517.1)	(578.1)	(853.1)	(601.4)	(596.6)	(642.5)	(642.5)	(645.3)
Narrow net external debt/CAPs	(636.1)	(680.0)	(644.4)	(708.8)	(892.1)	(794.0)	(761.8)	(756.7)	(745.8)	(729.0)
Net external liabilities/CARs	(827.0)	(731.1)	(624.6)	(648.4)	(956.1)	(695.0)	(693.1)	(739.2)	(740.2)	(736.6)
Net external liabilities/CAPs	(771.3)	(826.8)	(778.3)	(795.0)	(999.8)	(917.5)	(885.0)	(870.6)	(859.3)	(832.1)
Short-term external debt by remaining maturity/CARs	52.1	45.2	44.6	52.0	65.6	47.5	50.3	57.4	66.2	72.9
Usable reserves/CAPs (months)	1.3	1.7	1.9	1.8	2.4	2.2	1.8	1.8	1.7	1.6

Table 1

Kuwait--Selected Indicators (cont.)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Usable reserves (mil. $)	10,491	12,590	12,142	12,568	12,986	11,371	11,408	11,419	11,434	11,452
Fiscal indicators (general government; %)										
General Government balance/GDP	10.3	12.6	16.8	11.8	(4.9)	9.6	9.5	9.0	11.1	13.3
Central Government balance/GDP	(17.9)	(13.2)	(8.0)	(9.5)	(33.2)	(12.5)	(12.4)	(14.3)	(12.6)	(11.1)
Change in net debt/GDP	9.7	(8.8)	(21.3)	(16.9)	(1.0)	(4.9)	(9.5)	(9.0)	(11.1)	(13.3)
Primary balance/GDP	10.5	13.0	17.4	12.3	(4.4)	9.8	9.8	9.5	12.1	14.5
Revenue/GDP	63.9	65.2	69.2	62.9	60.7	63.4	63.7	64.3	65.1	65.9
Expenditures/GDP	53.6	52.6	52.4	51.1	65.6	53.9	54.2	55.3	53.9	52.6
Interest/revenues	0.2	0.7	0.8	0.8	0.7	0.4	0.4	0.8	1.4	1.9
Debt/GDP	9.9	19.6	14.2	10.8	10.6	8.0	14.0	25.0	33.8	41.3
Debt/revenues	15.5	30.0	20.6	17.2	17.5	12.6	22.0	38.8	52.0	62.7
Net debt/GDP	(489.8)	(451.1)	(417.0)	(437.7)	(558.9)	(450.2)	(449.3)	(467.5)	(467.2)	(469.0)
Liquid assets/GDP	499.7	470.6	431.2	448.5	569.5	458.2	463.3	492.5	501.0	510.3
Monetary indicators (%)										
CPI growth	3.5	1.5	0.6	1.1	2.1	3.3	2.8	2.5	2.0	2.0
GDP deflator growth	(6.8)	16.2	11.3	(0.4)	(13.9)	24.5	(5.2)	(8.0)	0.5	0.5
Exchange rate, year-end (LC/$)	0.31	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Banks' claims on resident non-gov't sector growth	2.8	2.3	3.1	4.4	3.6	6.0	4.0	4.0	4.0	4.0
Banks' claims on resident non-gov't sector/GDP	113.9	105.2	95.2	100.3	132.4	111.8	113.6	120.6	122.3	124.1
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	7.2	6.5	6.0	5.8	4.5	N/A	N/A	N/A	N/A	N/A

Table 1

Kuwait--Selected Indicators (cont.)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real effective exchange rate growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Adjustments: Usable reserves adjusted by subtracting monetary base from reported international reserves. General government revenues adjusted by including investment incomes from the sovereign wealth fund. Liquid assets include the estimated assets of the General Reserve Fund and the Future Generations Fund.
Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Kuwait--Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	4	Reduced predictability of policy responses because of an uncertain succession process and moderate challenges to political institutions due to centralized decision-making. Ultimate power is concentrated with the emir. At the same time, Kuwait's parliament and government frequently clash, making important decisions difficult and frequently resulting in policy paralysis. Kuwait has pursued a prudent fiscal policy in the past by accumulating substantial savings within the sovereign wealth fund Kuwait Investment Authority
Economic assessment	3	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1
External assessment	1	Based on narrow net external debt and gross external financing needs/(current accounts receipts [CAR] + usable reserves) as per Selected Indicators in Table 1.
		We estimate the sovereign’s net external liability position is more favorable than the narrow net external debt position by about 100% of CAR, as per Selected Indicators in Table 1.
		Kuwait's external data lack consistency as there is no full published international investment position. This could lead to an underestimation of credit risk.
Fiscal assessment: flexibility and performance	1	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1
		Substantial savings accumulated within the sovereign wealth fund, Kuwait Investment Authority, estimated at about 460% of GDP.
		Kuwait has a volatile revenue base, since close to 90% of general government revenue is based on hydrocarbon production
Fiscal assessment: debt burden	1	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1.

Table 2

Kuwait--Ratings Score Snapshot (cont.)

Monetary assessment	4	The Kuwaiti dinar is pegged to a U.S.-dollar-dominated basket of currencies. There is operational independence, but it is less secure than at better assessments. Prevalence of market-based monetary instruments, but effectiveness may be untested in a downside scenario. Consumer price index as per Selected Indicators in Table 1.
Indicative rating	a	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	1	We estimate Kuwait's government assets are large, at substantially over 100% of GDP.
Final rating		
Foreign currency	A+	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	A+	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Risk Indicators, Dec. 13, 2021. An interactive version is also available at http://www.spratings.com/sri
- Sovereign Ratings History, Dec. 8, 2021
- Sovereign Ratings List, Dec. 8, 2021
- S&P Global Ratings Revises Oil And Natural Gas Price Decks, Oct. 4, 2021
- Kuwait Ratings Lowered To 'A+' On Lack Of Comprehensive Funding Strategy; Outlook Remains Negative, July 16, 2021.

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed	
Kuwait	
Sovereign Credit Rating	A+/Negative/A-1
Transfer & Convertibility Assessment	AA-
Senior Unsecured	A+