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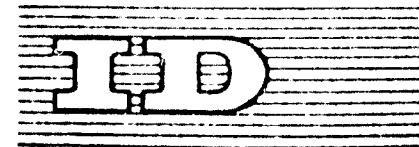
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**SMALL INDUSTRIES IN KUWAIT AND THEIR GROWTH EFFECT
ON THE NATIONAL ECONOMY^{1/}**

prepared by

**the Ministry of Commerce and Industry of Kuwait,
Department of Industrial Affairs**

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Introduction

Achieving a well co-ordinated industrial development requires all industrial projects not only to be complementary in nature but to be provided with the elements of growth and success. The realization of this objective, however, calls for the necessity of classifying industries into huge, medium and small-sized handicraft industries, and to specify special conditions regarding each category whether it be from the point of view of studying, licensing or granting them aid and the subsequent technical, economic and social obligations appertaining thereto.

The subject of "small industries in Kuwait" is dealt with in this report by the following two chapters: Chapter I, defining small industries in Kuwait and analysing their build-up, and Chapter II, dealing with the problems faced by small industries and means of overcoming them.

Chapter I. Definition of small industries in Kuwait

On the basis of the legal definitions given to small industries by emerging countries and also to Kuwait's economic structure, the size of its industrial sector, its population, demands of home market and the currently prevalent industrial laws, a small industry could be broadly defined as "any establishment that uses the machine in its production process and employs less than 100 labourers".

Legal entity of a small industry

Small industries in Kuwait are subject, without any exception, to all the rules and provisions stipulated in the Law of Industry number 6 for 1965. Though this law provided a general definition for an industrial concern, it established no discriminative limits between big, medium or small-sized industries. For the sake of simplicity, this case study gave both the "use of machine" and the "number of labourers" as two distinguishing elements between the various categories of industries.

Importance of small industries

Small industries play a vital role in shaping Kuwait's industrial sector. This is vividly manifested in the size of capital funds they employ, the number of employees they recruit and the variety of products they offer.

Of the total industrial investment of K.D. 20 million, approximately K.D. 6.5 million are invested in small industries. Furthermore, when comparing the amount of capital funds invested in small industries to total capital funds invested in the various major production sectors for the same period of time, one finds that small industries' share come to 7 per cent of the total.

Nature of small industries

Small industries are mainly established in Kuwait to satisfy domestic consumption. There are 296 such industrial concerns recruiting 5,729 employees.

Technical set-up of small industries

Most small industries and especially those engaged in the production of food-stuffs, marble, asbestos pipes, tar paper, metallic fibre and oxygen are equipped with the latest modern machines. Their level of productivity, however, is not high; relevant studies to remedy this situation are being prepared.

Labour issue

Most of the workers employed in small industries have acquired their skill while performing their job in that particular establishment. Their productivity is therefore low as most of them had no occupational-training background. As a result of this situation production costs are much too high.

Administration and control

Management, in small industries, has multiple obligations to cover, the most important of which are to study the market, consumers habits and demands in order to trace their trend and produce in compliance with them. Fruitful co-operation between labour and management should also be ensured.

Technical specifications

The application of technical specifications on industrial production is an urging necessity since demand for local products would inevitably increase and consequently lead to the success of local industries, as it is economically impossible for each small industrial concern to establish its own laboratory. Therefore it is recommended that a unified centre for research and specifications be established to offer its facilities to all industries requiring it.

Industrial financing

Small industries did not benefit much from the loans granted by credit and savings banks, mainly due to their lack of certain conditions required in cases for granting industrial loans. The non-keeping of records and accounting books are one of the main defaults. Studies, however, are being made to find solutions to remedy such deficiencies.

Chapter II. Problems of small industries and means of overcoming them

As small industries are of prime importance to Kuwait's economic structure, the urgency to study, and then to solve their problems on a sound scientific basis is becoming more and more demanding.

Solving the problems on a local level

Vocational training: Training costs are expensive and small industrial concerns find it impossible to bear them. The Kuwait Government therefore appointed a "High Committee" of ministries and competent bodies to study the situation of occupational training and promulgate the relevant laws for instituting an organization to supervise the training of workers in Kuwait.

Management: The deficiency in managerial skills and human relations staff which small industries suffer from, could be overcome by offering training courses supervised and given by a group of specialized experts to those needing them.

Technical specifications and scales: Necessary measures were taken by the Ministry of Commerce and Industry to establish "General Organization for Technical Specifications".

Industrial areas: The Government organized three industrial areas and is currently studying the positive measures to be taken to provide these areas with the services and public utilities they need.

Solving the problems on the regional level

Vocational training for important industries.

Top management to train managers and supervisors.

Joint industrial areas especially with regard to border areas.

Solving the problems on the international level

Ensure a staff of specialists to undertake vocational training courses.

Continuous arrangements should be taken to raise the level of productivity.





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