Tourism Development in Kuwait: Examining the Political-Economic Challenges in a Unique Rentier Economy

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Authors' Pre-Proof Draft of paper for personal use. All references should be made to the definitive version published in the journal *International Jornal of Diplomacy and Economy*, vol 3, issue 4, pp. 301-315.

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ABSTRACT

This article explores the challenges Kuwait faces to develop tourism due to the particularly unique political-economic system of popular rentierism. Kuwait's tourism industry is relatively underdeveloped in comparison to other Gulf Cooperation Council countries and has not received much attention by tourists, policy-makers, and scholars. This study provides both a macro-level analysis of the political economic obstacles to tourism development in Kuwait and the more micro-level challenges that have resulted, particularly in relation to proposed mega-development projects. While insights from this study are useful for understanding the role of tourism in the rentier economies, this study also further theorises tourism within the field of international relations and political economy and shows how tourism development is of particular importance for public diplomacy in the current global arena.

Keywords: *popular rentierism, Arabian Gulf, tourism development, oil-economy, political economy, diplomacy, diversification, tourism policy, oil-crisis, GCC*

INTRODUCTION

The purpose of this paper is to explore the challenges Kuwait faces in developing tourism due to the particularly unique political-economic system of rentierism. Kuwait's tourism industry is relatively underdeveloped in comparison to other Gulf Cooperation Council countries, drawing relatively fewer international tourists. Research examining the political economy of tourism in Kuwait has received little attention in the academic literature. However, recent fluctuations in oil prices and uncertainties of the global economy have put increased pressure on rentier economies to diversify and reduce their dependence on oil-based income. To address the increased risks, several rentier economies, particularly in the Gulf, have focused on tourism as a means of economic diversification.

This study provides both a macro-level analysis of the political economic obstacles to tourism development in Kuwait and the more micro-level challenges that have resulted, particularly in relation to mega-development projects, such as the proposed multi-billion dollar Failaka Island development and airport expansion project. While insights from this study are useful for understanding the role of tourism in the rentier economies, this study will also help to further theorize tourism and public diplomacy within the field of international relations and political economy. Different from other GCC countries, Kuwait has lagged behind in tourism and faces difficulties due to its historical image and geographical location. Tourism is an important tool of diplomacy due to its impact on awareness, image, and influence on international audiences.

CURRENT STATE OF TOURISM IN KUWAIT

The future development of tourism in Kuwait faces many obstacles such as lack of tourism infrastructure, attractions and a challenging environment for private industry. Recently, there has been renewed focus on developing the tourism sector in Kuwait as part of a wider economic diversification strategy meant to reduce the dependence on the oil revenue that makes up the majority of the GDP. This new focus on tourism, however, is met with particular challenges and opportunities.

Amongst the pressing issues in revitalization of tourism in Kuwait is the country's relationship and proximity to Iraq. Although the 1990 Gulf War and the direct military threat are long over, tension between the countries is still high, especially with Iraq's current political instability. The proximity to Iraq, in addition to a heavily guarded demilitarized zone along the 240 km border, gives potential visitors a negative perception of safety in Kuwait (Alsdirawi and Faraj, 2004). The lack of attractions for tourists is another obstacle for Kuwait's tourism industry. The visitation to Kuwait has been relatively low over the past decades due to inaction by the government to promote international tourism. In one of the only academic tourism papers on tourism in Kuwait, Alhemoud and Armstrong (1996) concluded, in a study of university students and English-speaking foreigners in Kuwait, that neither group was very impressed by the country's tourist attractions, human-made or natural.

Kuwait's tourism is relatively underdeveloped in comparison to other GCC countries. In 2013, Kuwait ranked 61st globally with 307,000 tourists, which is expected to grow to about 639,000 by 2021. Some government officials have stated that the aim is to attract one million visitors within five years (Kiesnoski, 2011), according to World Travel and Tourism Council (2015) Tourism contributed USD 535 million, accounting for 0.88% of the country's exports. In 2014, the direct contribution of Travel and Tourism to GDP increased to USD2.7 billion (1.5% of total GDP) in 2014.

While the total tourism receipts have increased, the percentage of the country's exports represented by the tourism industry has decreased from 4% in 1998, likely a result of the September 11th attacks and subsequent war in Iraq. While the number of international tourists traveling to Kuwait is quite low in comparison to other top destinations in the region, there is a large number of international day 'visitors'. According to Kuwait Tourism, about 82% of the nearly 3.8 million International visitors only stay for the day and spend less than $100 per person (Kiesnoski, 2011). The international inbound tourist arrival numbers are in stark contrast to the outgoing tourism market. In 2007 there were 2.7 million outbound tourists from Kuwait. The outbound tourists spent USD 8.2 billion, which accounted for nearly 27% of the country's imports. Over the last decade, outbound travel, the purchase of foreign tourism goods and services by residents on trips abroad, has continued to make up about a quarter of the country's total imports including 23% in 2010 and 24% in 2014 (World Bank, 2016). The scale of this outbound market suggests that there is untapped potential for growth in the domestic tourism industry.

Kuwait has a long tradition of domestic leisure and recreational activities. Many Kuwaiti families construct short-term tents in large camping communities in the desert during the winter months. During these cooler months, many Kuwaitis spend weekends or evenings in these tents, many of which are furnished with all the comforts of home. Additionally, there is a large number of beach chalets, where Kuwaitis spend time pursuing leisure activities. Recreational activities including four-wheeling, jet skiing, boating, fishing, horseback riding and falconry are popular. The pursuit of these recreational activities combined with a large number of outbound tourists from Kuwait indicates there is a potential for demand that could be captured through the development and promotion of the domestic tourism industry.

Since 2004, there has been a large development push in the tourism and hospitality industry. Hotels and resorts have been built including Hilton, Four Seasons, Jumeirah and Intercontinental. The massive increase in hotel beds combined with the planned hotel and resort components of the mega-developments ($85 billion City of Silk, $3.3 billion Failaka Island) creates the need for the development of attractions to draw leisure tourists to Kuwait. Currently, the market is largely made up of business tourists, most of whom are connected to the US military operations in Iraq and the energy sector. While Kuwait has relaxed visa procedures for certain regions (e.g., GCC, North America, Australia, and most of Western Europe) (Stensgaard, 2004), visitors from other regions still have to deal with often complicated and tedious visa procedures (al-Shamari, 2011).

The country's potential perceived authenticity combined with its accessibility and proximity to potential source markets provide some of the necessary draws for international tourists. Unique attractions for visitors include the iconic Kuwait Towers, the Liberation Tower, Old Souk and Grand Mosque, the waterfront Corniche, and an array of beautiful beaches. Kuwait's Tourism website also includes several other attractions for visitors including amusement parks, ice skating rink, swimming pool complex, resorts, yacht clubs, parks, and Green Island, the first artificial island in the Gulf region (Touristic Enterprises Company, http://www.kuwaittourism.com). Kuwait also offers visitors a unique opportunity for experiencing authentic cultural experiences and interactions with the local population. As one travel agent in California stated, "every single time we've ended the Persian Gulf route and our clients reminisce, they mention Kuwait as a highlight. It may not have all the glitz and glamour, but they were so glad they visited" (Kiesnoski, 2011). The relative lack of tourism development in Kuwait can create the perception of a more authentic destination that is off-the-beaten track or exotic. As a tour operator quoted by Kiesnoski (2011) suggests, "Kuwait has something different to offer. Sometimes the lack of development is an attraction unto itself and the lesser-known regions often end up being the highlights of one's travels." While the lack of attractions provides some visitors with a positive feeling, it leaves very little for the tourism industry in Kuwait to work with to market or brand the destination, particularly for international long-haul tourists. Kuwait lacks the iconic attractions from antiquity as in Jordan and Egypt, the modern attractions of Dubai and Abu Dhabi, or the natural beauty of destinations like Oman. Additionally, the ban on alcohol means that Kuwait lacks the nightlife that other destinations in the Gulf offer which is a potential disincentive for many leisure tourists.

Some experts in the tourism industry point to the lack of government support and coordinated marketing initiatives as the main obstacles to increasing the number of international tourists and keeping domestic tourists in Kuwait (Kiesnoski, 2011; al-Shamari, 2011). The tourism sector in Kuwait is handled by a small division of the Ministry of Commerce and Industry, and not by a separate ministry or board. This means that any international promotional activity and campaigns, such as the ITB in Berlin or the World Travel Market in London are supported by the private sector entities such as Kuwait Airways, the tourism operator Kuwait Tourism Services, and the Kuwait Hotel Owners Association. Essentially, many in the private sector feel that the tourism industry is treated with indifference by the government. As one CEO and hotel, owner stated, "In the government no one listens to us or gives us feedback. For 25 years, we've been fighting for recognition, but they're not supporting us. We just want the government to recognize us as an industry" (Kiesnoski, 2011).

This perceived lack of support reflects the ongoing challenges for private businesses in Kuwait, and the perceived general lack of support for non-oil related economic activities during the last few decades. The perceived lack of support is arguably changing, as many Kuwaitis have recognized the need for economic reforms and diversification of the economy. The recent expansion of the hospitality industry and the recent general economic reforms suggest a shift in the perception of the tourism industry's role in securing the economic future of the country.

In March of 2011, the Kuwaiti Ministry of Commerce drafted a tourist strategy to stimulate tourism and provide a viable source of income to the country. The strategy includes the implementation of an external marketing plan and a detailed map of all tourist facilities in Kuwait (al-Shamari, 2011). A former under-secretary for tourism suggests that Kuwait "needs to offer more touristic and recreational facilities than what is has now and a comprehensive marketing plan that begins by informing citizens and residents of Kuwait about what is available in Kuwait before marketing it abroad" (al-Shamari, 2011). This emphasis on creating awareness domestically can have two important impacts on the future of the industry. First, according to the Under-Secretary of Tourism in the Ministry of Tourism, it can help to "build awareness about domestic tourism to Kuwaitis who travel abroad every week. We want to encourage them to go to the Kuwait Islands, which could be a tourist attraction" (al-Shamari, 2011). Second, by creating awareness among the population, there might be larger support for pro-tourism activity by the elected officials in the National Assembly. In October 2015, the Supreme Tourism Committee Chairman Sheikh Salman Sabah Salem Al-Humoud Al-Sabah called for establishing a Tourism Authority to manage this sector.

The next sections explore the political economy of Kuwait and the current economic reforms and development plans in Kuwait in more detail. These provide a foundation for understanding the context of future tourism development in Kuwait.

POLITICAL ECONOMY OF KUWAIT

Rentier theory emerged from the analysis of the political economy of the oil-dependent GCC countries. A *rentier state* can be defined as a state in which the government is a primary economic player and uses its 'legitimate' monopoly over a geographic area to extract significant rents from international transactions (Beblawi and Luciani, 1987). Since a significant share of the rentier state's revenue is derived from the rents imposed on international transactions, the state is freed from the need to extract internal revenues through taxation on the domestic economy (Jenkins, Meyer, Costello, and Aly, 2011). While rents derived from energy resources are the most commonly examined, rents can be derived from other sources including other natural resources, foreign grants/soft loans, and worker remittances. Additionally, income from international tourism based on the use of unique natural or cultural attractions are also examples (Richter and Steiner, 2008).

The relationship between tourism and rentierism has just recently been explored, and none of which have explored the unique relationship between 'popular rentierism' (Yom, 2011) and tourism as is the case in Kuwait. Mansfeld and Winckler (2007;2008) have examined the overall challenges of tourism development as a long-term economic alternative to oil-based rentier economies in the GCC using the example of Dubai (2007) and Bahrain (2008).

Additionally, Richter and Steiner (2008) examined the relationship of tourism development and rentierism in Egypt and argued that the transformations that occurred over the last few decades have resulted in a diversification of external rents instead of an overall downsizing of the rentier character of the Egyptian economy.

After the oil crisis in the 1990s, many of the GCC nations started to move towards diversification, privatization, liberalization and deregulation to support long-term economic growth, and the development of the tourism industry was a central component of these strategies. Within the GCC, tourism has been a main focal point of economic diversification strategies. Dubai, Abu Dhabi, and Qatar are good examples of this strategy in action. Overall the development of the tourism industry in Kuwait has clearly fallen behind neighboring countries. While there have been several attempts to expand international and domestic tourism in Kuwait, mostly from the private sector, the overall political and economic landscape in Kuwait has resulted in several major challenges for the future development of tourism industry. In particular, there is a lack of public-private partnerships (Hvidt, 2007) and state-owned enterprises (Hertog, 2010), which have been instrumental in the development of the tourism industry (and in particular infrastructure) in places like Dubai.

The need for these wide-ranging economic reforms have been recognized by policy-makers and business leaders. However, these reforms have been particularly slow among the oil-rich Gulf States and the Middle East more generally, when compared to other parts of the world (Hvidt, 2007). While some places like Dubai have seen recent 'booms' in development resulting from economic diversification and an efficient form of state-sponsored capitalism, Kuwait has not. Furthermore, Herb (2009) suggests that Kuwait has developed a reputation as a challenging place for business. Inward foreign direct investment in Kuwait lags way behind the rest of the GCC. During the last 50 years, the increase in oil revenues has led to the development of an 'allocation state' (Luciani, 1990) in Kuwait, where oil revenues are redistributed to citizens thus decreasing the interdependence of the private sector and government (Hvidt, 2007).

Kuwait's economy can be considered an extreme form of rentierism as the majority of the economic activity is based on the oil industry. While other rentier states in the region have been able to successfully adopt economic diversification strategies, the unique form of 'popular' rentierism (Yom, 2011) has created challenging conditions for economic development and diversification. Kuwait's popular rentier system combines characteristics of other Gulf rentier states with the uniquely participatory political system that is responsive to internal social forces and the influence and vulnerability of external relations (Gray, 2011). Formal and informal political participation in Kuwait is tied to unique historical roots that differ from the other Gulf States, and this relatively democratic political system has been sustained despite the rentier system (Segal, 2012).

As a quasi-constitutional monarchy, Kuwait has a unique parliament in the GCC. The Kuwaiti Parliament is the oldest, established in 1963, and most powerful parliament in the region. The parliament can exercise some checks on the monarchy through veto power, the ability to question ministers and vote no confidence in individual ministers appointed by the emir (Azoulay and Wells, 2014). The parliament is made up of individuals, without party affiliations, elected through free and fair elections with nearly universal adult suffrage since 2005 when women regained the right to vote. The monarchy still retains full executive power including responsibility for nominating cabinet and the power to dissolve Parliament and call for new elections.

Parliamentary instability during the last decade has hampered economic reforms and progress on major projects. As a consequence, the more economically progressive and liberal voices have been marginalized by the election of more conservative representatives and the overall popular support for the current system that redistributes the oil wealth directly to the citizens. Since 2006, the Emir has used his constitutional power to dissolve parliament and call for new elections several times. According to Gulf News editorial (2008), much of the instability can be attributed to allegations of corruption and a continual lack of cooperation between ministers and the opposition-dominated parliament. Many in the private sector see the constant political logjams and the 'snap' elections as being detrimental to the ongoing development projects (Kerr, 2011). The elections in February 2012 resulted in the opposition bloc, winning 34 of the 50 seats in parliament. The fears that the increased power of the opposition coalition could further destabilize the sectarian harmony led to the dissolution of the elections. The July 2013 elections had a similar outcome.

The country's tribal structure and growing opposition bloc have largely sidelined the more liberal and socially progressive political movements in the country and represent a distinct thread of opposition to the Shia ruling elite (IISS, 2012). The result of the parliamentary instability has been that the majority of members of the opposition, fuelled by the public allegations of corruption and lack of transparency by the executive branch, could continue to appease popular opinion, and thus interfere with the development process including many of the urgently needed infrastructure projects. Additionally, mega development projects and economic diversification and liberalization policies have been side-tracked due to the infighting between government, parliament, the public and other bureaucratic interests groups in the uniquely democratic political system (Hertog, 2010)

The private sector in Kuwait often places the blame for the economic problems in the country on the National Assembly. As one Kuwaiti economist stated, "Kuwait has adopted the worst of democracy and the worst of dictatorship- the country lives on oil revenues, which makes it a temporary country" (Herb, 2009: 381). Different from other democratic capitalist political economic systems, the extreme rentier economy in Kuwait produces a situation where the large level of natural resource wealth weakens the 'threads of mutual interest' that often tie together wage labor and capital (Herb, 2009). While the private sector hopes the government will use oil revenue for development projects, the many Kuwaitis want to see the government distribute the revenues directly to the citizens (Herb, 2009).

Land ownership also impacts large scale developments in Kuwait. Many challenges that arise during tourism planning are often related to land ownership issues. In Kuwait, about 90 percent of the country's real estate is owned by the government. Thus any private sector developments that require land must secure it through government channels. Due to questionable development agreements in the past, the land has become "highly politicized" (Herb, 2009: 386). The Kuwait Government's reluctance to sell land has led to a bureaucratic system that restricted access for prospective developers and in some cases, halted approved Build-Operate-Transfer (BOT) projects as a result of changing legislature and "bureaucratic inaction" (Herb, 2008: 389). In Kuwait, the majority of projects are developed under build, operate, transfer (BOT) mechanisms, in which the private sector finances, builds, and operates the developments for a specified period. After this period, the entire development is transferred back to the government, and the government retains the land title. While in many countries BOTs are employed for infrastructure projects, in Kuwait, they are used for almost all large-scale projects. While some non-infrastructure BOT projects have been completed, many others have failed to see any movement because of bureaucratic differences. The turmoil over the Failaka and Bubyian Island projects is an illustration of the impact of these political challenges to development. In 2005 the government entity overseeing the development projects, the Dividend Zone Agreements and Kuwaiti Islands and Mega Projects Development Team (Dizart), was dissolved and replaced with the Mega Projects Agency (MPA). The dissolution occurred amidst criticism by the nine prequalified investor groups, and the lack of necessary political clout to move the projects forward. The MPA, however, is made up of the same staff with the same duties, with just a name change (MEED, 2005).

Amidst this political turmoil, the executive branch has spearheaded a series of economic reforms in the country, as part of the "Kuwait Vision 2035" plan. These reforms include new capital markets, labor and privatization laws, and $115 billion investment undertaken by public and private sectors (IISS, 2012). The reform agenda includes several fundamental reforms. The plan included the reduction of the 'red tape' surrounding starting and operating a business and increased access to land and capital for start-ups. Additionally, the plan supports the auctioning of government land and engaging the private sector in the development of public land. The plan also calls for increased privatization to reduce public sector employment growth, salaries, and expenditures (UK Trade and Investment, 2011).

ECONOMIC REFORMS AND DEVELOPMENT PROJECTS

With oil comprising a majority of the GDP and a climate that does not support much agriculture, the diversification of Kuwait’s economy is an important step for future economic stability. GCC countries have a shared vision of regional growth through economic diversification (e.g., manufacturing, health care, education, and tourism) (Rice and Mahmoud, 1996). The Kuwait Vision 2035 is a series of 5-year plans through 2035 with the goal of transforming “Kuwait into a financial and trade hub for investment, in which the private sector leads economic activity, fuelled by the spirit of competition, and raising the efficiency of production in under a supporting institutional State agency, establishes values, preserves the social identity, achieves balanced human development and provides appropriate infrastructure, improved legislation and encouraging business environment” (Zawya, 2011). This plan will attempt to remove bureaucratic barriers to the private sector, increase government agency effectiveness, and increase access to land, among other high impact reforms (Al-Jazzaf and Al-Mutairi, 2009).

To accomplish this, Kuwait has proposed several developments in line with the government’s 3rd Master Plans. The purpose of Kuwait’s 3rd Master Plan is to define the goals and policies for future developments and describe the use of the land during the next 30 years (Helmy, 2011). The 3rd Master Plan is considered the first phase of the Kuwait Vision 2035 because it enables legislation and policies to accomplish the vision’s goals. The new policies aim to attract more private sector participation, especially in housing development. For example, in the past private investors and contractors were not supportive of governmental contracts for welfare housing, citing low financial return and government legislation that decreases private investments by providing units to welfare participants for free (Helmy, 2011). The 3rd Master Plan and sub-phases aim to increase private sector participation "by reducing the ownership and supervision from the public sector in many economic sectors" (Helmy, 2011: 15). These reforms will have a large impact on future tourism developments, as many of the mega-projects include mix-use facilities combining housing, retail, leisure, and tourism projects.

The most recent phase of the 3rd Master Plan, Kuwait's Five-Year Plan (2010) included 1,100 oil and non-oil economic projects with an estimated cost of $125 billion. These projects include hospitals, housing, a highway system, airport improvements, and tourist attractions. To balance the high costs and retain ownership, the government will employ, in most cases, the "build, operate, transfer" (BOT) mechanism to complete these projects developments. Dictated by Kuwait law, BOTs rely on private and semi-private investors to construct and operate projects with an understanding that the infrastructure and operations will be turned over to the government after a period of time. BOTs provide a revenue opportunity for private businesses and the government benefits from gaining infrastructure and delaying operational costs for 30 to 40 years. This law is mutually beneficial in some respects; however, the ultimate beneficiary is the Kuwait government. Despite the inevitable transfer of operations and infrastructure to the government, some private companies (e.g., Injazzat Real Estate Development Company K.S.C.) take pride in public good BOT developments. Injazzat believes BOT projects are "advantageous, as the private sector clearly possesses the knowledge and ability to deliver projects on time and budget" (Injazzat, 2007).

A successful BOT development is the Sulaibiya wastewater treatment and reclamation facility; a 30-year contract in operation since 2004. This facility secures untreated water provided by the government, treats the wastewater, and then sells the treated water back to the government (Al-Otaibi and Abdel-Jawad, 2007). Projects such as the Sulaibiya Treatment facility, however, were under criticism in 2006 when "financial and administrative violations" (Al-Qaheri and Al-Mejren, 2009: 330) surfaced, and the government responded by enacting new regulations on BOT developments in 2008. The past legislation on BOT developments led to the private sector's misuse of public funds and lack of sufficient public revenue from projects (Al-Qaheri and Al-Mejren, 2009). There are several issues and obstacles that BOT developments face (Helmy, 2011); including delays due to long documentation cycles, lack of human resources with project implementation skills, and lack of vacant land due to governmental regulations. For Kuwait's 3rd master plan to become successful, the government must consider these challenges and respond with attractive BOT regulations that streamline procedures and provides transparency (Helmy, 2011). Without consideration of the previous challenges to the BOT mechanisms, current and future reforms of the economic system might fall short of the goals laid out in Kuwait Vision 2035.

To enhance Kuwait's economy, image, and citizen well-being the government has approved projects such as the Bubiyan Island Development, the Jaber Al-Ahmad Al-Sabah Bridge expressway, the Jaber Al Ahmed Al Sabah Hospital, and Khairan Residential City. Bubiyan Island is Kuwait's largest island and poised to become a trading hub for the development of an international port, a harbor, and residential areas. The new bridge is a 750 million KD endeavor to connect the developing Silk City with smaller cities on the fringe of Kuwait City via an overwater expressway. More citizen-oriented projects include a new hospital in Surra with advanced diagnostic and treatment capabilities and the space to accommodate 1,268 beds. Also, residential projects such as the Khairan Residential City will provide housing for Kuwait's growing population. This particular residential city is one of the largest with 35,844 expected residential units. These developments and others, such as a new university campus capable of accommodating 40,000 students, will provide Kuwait and its people with the economic tools to compete in the global arena.

Planned Development Projects and the Tourism Industry of Kuwait

Within Kuwait's new Five-Year Plan (Kuwait Five Year Plan, 2010), there are several large projects that will contribute to the country's growing tourism industry. These developments include, Failaka Island, Madinat Al Hareer (or the Silk City), Kuwait International Airport expansions, and projects to beautify downtown Kuwait City and Sulaibikhat Beach through developments such as, greening projects, a new metro rail system, and "cultural and educational services and facilities, which [will help] stimulate both tourism and the economy in the country" (KMC Holding, 2007). The beautification projects of downtown Kuwait City and Sulaibikhat Beach have expected values of 20 million KD and 35 million KD, respectively. One key tourism development is Madinat Al Hareer; a city that will be built from the ground up. The other key development is the addition of a new terminal at the Kuwait International Airport with construction expected in 2012; the project is planned to be completed in phases over the next 30 years (International Airport Review, 2008).

Madinat Al Hareer or the Silk City is an ambitious urban development in Subiya expected to take around 25 years to construct. Approved in 2008, construction of highways, roads, and support infrastructure has already begun. This $94 billion (USD) development will provide 430,000 new jobs and will be home to 750,000 residents, a National Wildlife Sanctuary with an eco-tourist resort, a financial centre, a duty-free trade zone, a new airport, convention facilities, an Olympic stadium and other sports facilities, and the Mubarak Al-Kabir Tower (which upon completion will be the tallest building in the world with over 200 floors)

The city will support four major districts know as, Finance City, Leisure City, Culture City, and Ecological City. According to the firm spearheading the Silk City project, these four city centers "match the demands of [Kuwait's] contemporary society for new places to work, relax, learn, and preserve the natural heritage of [the] land" (Civic Arts, 2011). Finance City will become a new global business, commerce, and trade center. Leisure City is located near the estuary of two major rivers providing beaches and waterways for leisure pursuits. In addition to vacation attractions such as resorts, hotels, and rental properties, Leisure City will include an athletic center, academies of sports and sports medicine, and sporting complexes designed for large-scale international events. Cultural City will rest on the tip of the Subiyan peninsula and will give people a place for cultural knowledge and academic, diplomatic, and policy research, as well as centers for performing arts. Lastly, Ecological City will feature the region's nature preserve, in addition to an ecological research facility. This district will also become an ecotourism destination providing views of the desert preserve and educational information about the wildlife. Silk City and its surroundings will attract international tourists with its innovation and excitement, similar to Abu Dhabi and other Middle East destinations.

The project for the new terminal at Kuwait International Airport outside of Kuwait City has faced a decade of challenges. The project that was originally launched at 2004 was postponed to 2014 and only in 2015 a Turkish firm won the bid. The new terminal that will have the capacity to service 50 million passengers annually, with the first development phase set to accommodate 13 to 25 million annual passengers is expected to be completed in 2022. Due to the structure's location and arching design, there will be enough space to operate between 30 and 51 gates and jetways after the first phase of construction. In subsequent phases, a second passenger terminal will be constructed, and the capacity is expected to increase to 100 gates and jetways. This terminal will not only be flexible enough to accommodate millions of travelers and larger aircraft (i.e., Airbus A380) but will also be one of the most environmentally friendly terminals in the world with the goal of a "Gold" LEED certification upon completion. With

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concrete construction, the terminal structure will have thermal mass, and the roof will utilize photovoltaic cells for terminal operations. The terminal will offer lush landscaping to provide aesthetics and comfortable microclimates. Certain buildings such as the parking structure will be incorporated into the landscape, adding to the terminal's natural appearance. This project will provide employment opportunities as well as a culturally inspired icon for the State of Kuwait.

Tourism, Development and Public Diplomacy

Tourism can play a large role in the diversification of the economy if challenges are overcome. Tourism has been a central part of the strategy of several oil-dependent rentier states in the Gulf and elsewhere. Additionally, the development of tourism in Kuwait could also help to alleviate some of the challenges associated with Kuwait's unique form of ‘popular rentierism.'

The relationship between tourism and development has been explored by many scholars interested prescribing solutions for tourism while promoting development (Bianchi, 2004; Brohman, 1996; Wall, 1997). The literature differs on whether tourism is connected to political economy especially in the face of privatization and the neoliberal turn (Mowforth and Munt, 2015). Scholars have also explored how rentier economies and neo-patrimonial states promote tourism (Mansfeld and Winckler, 2007, 2008; Richter and Steiner2008). As noted by Bianchi (2004), "What many of these political economy analyses of international tourism had in common was their overly generalized view of macrostructural processes… while crucial aspects of local/regional economic development were certainly overlooked and under-theorized" (p. 271). However, the relationship between tourism and public diplomacy needs theorizing, especially in an era of uncertainty of the global financial systems.

Public diplomacy refers to acts the state engages in with other actors and networks to influence outside audiences. Kuwait struggles to create a beneficial environment for the public and the networks. The difficulties suffered by the private sector can impact diplomatic relations. Besides being an economic activity, tourism can lead to diplomacy and contribute to a deepening of international relations (L’Etang et al 2007).

Studies from marketing and branding have been highlighted in the public diplomacy literature. Moreover, international relations scholar Joseph Nye has introduced the concept of ‘soft power’ to describe “the ability to get what you want through attraction rather than coercion or payments” (Nye, 2008). Soft power is the degree to which a country’s cultural activities or values become attractive to outside audiences. These soft power tools have also been recognized as important in the public diplomacy literature. In the twenty-first century, tools in public diplomacy include educational exchanges, media, culture and arts. New tools such as social media have also proved to influence governments and international opinion. In Kuwait, a developed tourism industry can allow for tourists exchanges in person or through social media.

New public diplomacy literature has also emphasized the role of non-state actors in impacting the attractiveness and image of a country. The role of international and non-governmental organizations in the current global arena inspires this body of literature (Pamment, 2013). Furthermore, following global terrorist attacks around the world in places like New York, London and Madrid, scholars have been debating how non-state actors such as terrorist organizations can impact a state’s diplomacy. The most recent Istanbul Ataturk Bombings of 2016 are illustrations of the role of non-state actors that can be detrimental to tourism. The case of Kuwait shows how rentier economies can have difficulties in diversifying their economy and developing tourism in the current global arena. Neighbour to Iraq, close to unsafe destinations and with a turbulent historical past, Kuwait struggles to develop its tourism and attract as many tourists as the GCC neighbors. In the current international political economy, uncertainties that affect tourism and diplomacy have mushroomed. A rentier economy in the GCC such as Kuwait is in a vulnerable position due to geographical location, historical legacy and pressures of the current global economy.

CONCLUSION

The recent developments in Kuwait have started to provide the necessary development of infrastructure for growth of the tourism industry. The development of Failaka Island, for example, is an integral part of Kuwait's future tourism development plans (Paris, 2016). The planned development of Failaka Island and the airport expansion aim at becoming the centerpiece of the strategy for Kuwait to emerge as a competitive tourism destination. The goal is to create an iconic destination and make Kuwait a competitive alternative to Dubai, Abu Dhabi, and Qatar as a leading destination for international long-haul, regional, and domestic tourists.

There have been several development plans for the island dating back to the 1960s which have been hampered by the political and economic landscape of Kuwait. When examined within the context of the overall political and economic landscape of Kuwait and the less than favorable environment for private sector cooperation, the feasibility of these proposed mega projects is questionable, as is the future expansion of the tourism industry in Kuwait. These challenges faced by Kuwait in developing the tourism industry can be overcome through government institutions and their support. To reduce Kuwaiti dependence on oil, the government should support the diversification of the economy and invest in the tourism industry. Cases of other GCC countries such as Dubai, Abu Dhabi and Qatar show that a political system that encourages mutual interests through public-private partnerships is crucial for this development. Moreover, the Kuwaiti political system should avoid political deadlocks that can be detrimental to advancing the tourism industry.

The Kuwaiti case shows how rentier economies are under new pressures to diversify their economies and how tourism development can be crucial to benefitting Kuwaiti diplomatic relations. The uncertainties due to oil price fluctuations and changing security in the region make the development of tourism more vulnerable. Moreover, as new public diplomacy recognizes the importance of social media and non-state actors in developing images and impacting diplomacy, tourist exchanges and interactions are much sought after. However, the interests of the state, public and businesses should be harnessed and facilitated for tourism and diplomatic relations to flourish.

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Authors’ Pre-Proof Draft of paper for personal use. All references should be made to the definitive version published in the journal *International Jornal of Diplomacy and Economy*, vol 3, issue 4, pp. 301-315.