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WHY KUWAIT?
1. Substantial government resources

Kuwait is a founding member of the Gulf Cooperation Council and the Organization of Petroleum Exporting Countries. It has the 6th largest oil reserves globally, estimated at around 101.5 Bn barrels.

Kuwait’s economy benefited from record budget surplus over the past several years which is expected to help it tide over the present low oil prices scenario. Therefore, Government of Kuwait will continue to spend heavily on infrastructure development in coming years to realize its long term 2035 vision.

The Kuwait Investment Authority, Kuwait’s sovereign wealth fund, manages assets currently estimated at USD 592 Bn. Kuwait enjoys a strong investment grade sovereign ratings (AA/AA2) and low political risk ratings from major credit rating agencies globally. The Government’s strong financial position gives it the ability to underwrite large scale projects and drive development efforts in the country despite lower oil prices.

2. Significant infrastructure development

Kuwait is promoting unprecedented levels of infrastructure development activity aimed at realizing its long term vision of diversifying the economy and transforming Kuwait into one of the leading hubs for financial trade and logistics in the Middle East.

The Third Kuwait Master Plan focuses on improvement of the country’s infrastructure with the Kuwait development plans prioritizing infrastructure needs of the country with an earmarked budget of USD 103 Bn for projects across different sectors, such as roads, ports and airport infrastructure, water, power and social infrastructure, a metro and national rail network, etc. These initiatives are expected to provide opportunities for foreign investment in Kuwait.

Source: Ministry of Planning, Public Authority for Civil Information, EIU, Organisation of the Petroleum Exporting Countries, World Bank and SWF Institute
3. Private sector involvement

Increasing the involvement of the private sector is a key priority for the Government under its diversification program.

The Government’s initiatives such as the PPP program, privatization law, establishment of the Kuwait National Fund for SMEs Development and the Kuwait Direct Investment Promotion Authority are aimed at increasing the share of private sector in GDP.

4. Enabling 100% foreign ownership in businesses

The Kuwait Government is making concerted efforts towards facilitating both local and foreign investment in Kuwait.

The Kuwait Direct Investment Promotion Authority (KDIPA) was established in 2013 under the Law for the Promotion of Direct Investment in the State of Kuwait (Law No. 116 of 2013) to drive and coordinate Kuwait’s local and foreign direct investment agenda. KDIPA is the successor to the erstwhile Kuwait Foreign Investment Bureau (KFIB), a division under the Ministry of Commerce & Industry that was established in accordance with the Law No. 8 for 2001 Regarding the Regulation of Direct Investment of Foreign Capital in the State of Kuwait, which was repealed by Law No. 116 of 2013.

Law No. 116 of 2013 gives an exception to the basic principle in the Commercial Code that limits foreign ownership to 49% by allowing foreigners to own up to 100% of business entities in all sectors except a specified negative list of direct investments that are excluded from the scope of this law.

Source: KDIPA
5. Encouraging macroeconomic environment

Ranked 3rd for macroeconomic environment

WEF’s Global Competitiveness Report 2015-16 ranks Kuwait at 3rd position among 140 countries in terms of overall macroeconomic environment and 1st position for Government budget balance as a percentage of GDP. This is largely attributable to Kuwait’s low government debt and budget surpluses over the years.

Ranked 2nd in Gross National Savings

The WEF report also ranked Kuwait 2nd in terms of Gross National Savings globally, indicating its robust financial position and ability to deploy public funds for investment projects.

One of the highest per capita income

Kuwait also has a rising per capita income which is among the highest globally (USD 40,447 in 2014).

3rd most tax friendly country globally

WEF ranks Kuwait as the world’s 3rd most attractive tax regime with benefits including no personal income tax, low corporate tax for foreign companies (15%), limited restrictions on imports and exports, unrestricted movement of funds, including repatriation, a strong and stable currency supported by an independent monetary policy.

Stable legal framework

Kuwait’s macroeconomic environment is supported by a stable legal framework. The legal framework follows leading international standards and bodies of law governing business and commercial activities including intellectual property protection and environmental regulations.

Source: MEED, Kuwait Ministry of Electricity and Water, Oxford Business Group, BMI, KPMG Research and Analysis
6. Cost competitiveness

Kuwait is cost competitive in terms of power, water, land and labor. Power tariffs are subsidized by up to 86% by the Government with tariffs as low as US 1 cent/KWh for residential users and farms and US 0.5 cent/KWh for industrial users. Potable water is subsidized and offered at nearly US 3 cents/imperial gallon.

The Government provides industrial land at a subsidized rent of approximately USD 90 cent per sq.m while commercial land is also provided by the Government at substantial discounts.

Average rate of power tariff subsidization %, 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate (%)</th>
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<tbody>
<tr>
<td>Kuwait</td>
<td>86%</td>
</tr>
<tr>
<td>KSA</td>
<td>76%</td>
</tr>
<tr>
<td>Qatar</td>
<td>75%</td>
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<tr>
<td>UAE</td>
<td>68%</td>
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Source: IEA 2010, EIU, Ministry of Planning

7. Strategically located

Kuwait is located in the northern Arabian Gulf bordering three major markets of KSA, Iraq and facing Iran across the Gulf. A location which allows for an extended access to markets in various directions including Eastern Asia, Commonwealth of Independent States, Turkey, and into Eastern and Central Europe.

The country also has a coastline spanning 290 km on the Arabian Gulf with a well developed port infrastructure.

Kuwait has also planned a number of transport infrastructure projects such as a new port (Mubarak Al Kabir port on Bubiyan island), a new airport terminal and a new national railway network to improve access within the country and to serve strategic markets.

Source: IEA 2010, EIU, Ministry of Planning
8. Evolved Financial Services sector

Kuwait’s banking system is characterized by a robust financial profile and strong regulatory support, making it one of the most stable and resilient banking markets in the Middle East and North Africa (MENA) region.

The Kuwait banking sector has a vibrant mix of 22 banks including 9 local commercial banks (4 Islamic and 5 conventional), 1 specialized local bank and 12 foreign commercial banks (1 Islamic) currently operating in the country. Kuwait is home to some of the largest banks in the region including the 2nd largest Islamic bank in the world.

The Central Bank of Kuwait (CBK) is widely respected as one of the most proactive and sophisticated regulators in the region.

The Capital Markets Authority (CMA) is expected to bolster Kuwait’s strength in the financial services industry.

Established in 1983, the Kuwait Stock Exchange (KSE) was the first stock exchange in the GCC region. KSE permits foreigners to participate in trading activities.

KSE is now promoting a wider range of products and services, through the introduction of Exchange Traded Funds (ETFs), futures and options, market-makers for appropriate products, and fixed income instruments, including sukuk (Islamic financial certificates) and new indices.

KSE permits foreigners to participate in trading activities.

9. Entrepreneurial nature of Kuwaiti citizens

Kuwait is home to some of the leading businesses in the region in sectors such as telecom, retail, logistics, financial services, aviation designing, animation, art etc, demonstrating the strong business acumen and commercial mindset of Kuwaiti businessmen in establishing and growing scalable businesses.

Source: CBK and KSE
10. A hospitable culture

Kuwait offers a balanced mix of a moderately conservative society built upon traditional Islamic customs and practices combined with a progressive outlook and acceptance of new concepts.

The low rate of crime and respect for privacy make Kuwait a comfortable place for families. Expatriates are respected for the skills and value they bring to the country. Though Arabic is the official language, English is widely used as a business language.

Source: Public Authority of Civil Information

Population by ethnic groups (June 2015)

- Kuwaiti: 31%
- Asian: 39%
- Arab: 28%
- Others: 2%

The low crime rate and respect for privacy make Kuwait a comfortable place for families.