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## INVEST

### FOREIGN DIRECT INVESTMENT

Kuwait has always been a country open to foreign investment and is further opening to foreign capital, however, FDI is still underdeveloped in the country for regional standards. According to UNCTAD's [World Investment Report 2023](#), FDI inflows to the country increased by 33.6% year-on-year in 2022, reaching USD 758 million. At the end of the period, the stock of FDI was estimated at USD 15.09 billion, around 8.2% of the country's GDP. The bulk of investments are directed towards the oil & gas sector, followed by real estate/construction and financial services. A significant portion of FDI is directed towards major infrastructure initiatives within the hydrocarbon sector, frequently facilitated by state or semi-state entities. The majority of foreign investments come from the United States and China.

As a resource-rich economy, Kuwait is diligently looking to deploy its oil wealth to develop and diversify the economy. The nation aims to attract more than USD 200 billion in FDI between 2020 and 2035 in order to become a global center for trade and finance. The government is taking concrete steps towards achieving its ambitions to boost private sector investment in key sectors. Kuwait Vision 2035 seeks to foster economic diversification through the implementation of various projects and initiatives. It actively promotes foreign direct investment (FDI) in key sectors such as information and communications technology, renewable energy, electricity and water, tourism, healthcare, and education. Kuwaiti or GCC nationals are mandated to hold a minimum of 51% ownership in local companies, though exceptions can be made for non-GCC investors meeting KDIPA qualifications. A 2017 amendment to the 2016 Companies Law eased restrictions on limited liability companies. Council of Ministers Decision No. 75 of 2015 tasks KDIPA with excluding foreign firms from sensitive sectors. These sectors encompass the extraction of crude petroleum, natural gas extraction, coke oven product manufacturing, fertilizer and nitrogen compound manufacturing, gas manufacturing, gaseous fuel distribution, real estate, security and investigation, public administration, defense, social security, membership organizations, and labor recruitment. Under the 2013 FDI Law, incentives comprise tax benefits (with a potential waiver of the 15% corporate tax for foreign firms for up to 10 years), relief from customs duties, allocations of land and real estate, and permissions to recruit necessary foreign labor. Kuwait ranks 64th among the 132 economies on the [Global Innovation Index 2023](#) and 90th out of 184 countries on the latest [Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
<b>FDI Inward Flow</b> <i>(million USD)</i>	240	567	758
<b>FDI Stock</b> <i>(million USD)</i>	14,952	15,531	15,091
<b>Number of Greenfield Investments*</b>	15	12	14
<b>Value of Greenfield Investments (million USD)</b>	209	113	613

Source: UNCTAD - Latest available data.

Note: \* Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Kuwait	Middle East & North Africa	United States	Germany
<b>Index of Transaction Transparency*</b>	5.0	6.4	7.0	5.0
<b>Index of Manager's Responsibility**</b>	9.0	4.8	9.0	5.0
<b>Index of Shareholders' Power***</b>	4.0	4.7	9.0	5.0

Source: Doing Business - Latest available data.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

## WHAT TO CONSIDER IF YOU INVEST IN KUWAIT

### Strong Points

Kuwait has several advantages for attracting FDI:

- Abundant oil reserves (the country has the 6th largest oil reserve in the world - U.S. EIA, 2020) which provide the country with considerable and stable revenues
- A strategic role in the political sphere of the region (the country is considered a very good ally of the United States)
- A young local population with a high average income and high domestic consumption
- A well-managed financial market and a strong banking sector
- Good quality infrastructure
- A globally positive business environment: the Kuwaiti government, through its desire to diversify its economy, has embarked on a policy of economic openness to foreign investment
- Kuwait is strategically located as a thriving commercial centre in the region, close to three major markets (Iraq, Saudi Arabia and Iran)
- An open market economy allowing Kuwait to enjoy free convertibility and full transferability in the foreign exchange market.

### Weak Points

Kuwait has some obstacles to its economic development. They include:

- Necessary structural reforms are hard to take hold because of a tormented political life and strong tensions between the parties
- Extreme dependence of the economy on the performance of the oil sector and in particular on the price of a barrel of oil
- A high degree of state intervention in the national economy (the civil service provides 90% of the jobs of nationals and the budget is 60% punctured by these current expenditures) weakening the emancipation of a strong private sector
- The geographical location makes the country particularly vulnerable to political tensions in the region
- A business environment with legislation that restricts the freedom of establishment of non-nationals and that does not sufficiently protect intellectual property

- Strong dependence on the expatriate labour force.

## Government Measures to Motivate or Restrict FDI

To promote the diversification of its economy, Kuwait has set up the [Kuwait Development Plan \(KDP\)](#) (Kuwait Vision 2035 "New Kuwait") for 2035. The main objective of this plan is to transform the country into a regional and international financial and trade hub to make Kuwait more attractive to investors. A significant investment in the country's infrastructure and human resources and regulatory reform will create an environment conducive to attracting foreign investors and promoting Kuwait as a regional service centre. In addition to seeking to further involve the private sector in infrastructure projects, the government plans annual spending of \$32 billion, half of which will be spent on investments in projects considered highly strategic:

- New refinery (\$16 billion) and Clean Fuel Project (\$13 billion), which will increase the refining capacity and quality of refined products in the country
- New Mubarak Port Al-Kabeer on the island of Boubyan (\$7.9 billion), which will help solve the current problems of maritime traffic in the country
- Expansion of the international airport (\$5.8 billion) and rail and metro projects will help develop the country's communication infrastructure

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## INVESTMENT OPPORTUNITIES

### Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders in Kuwait

[Globaltenders](#), Tenders & Projects from Kuwait

[DgMarket](#), Tenders Worldwide

### Finding Assistance For Further Information

#### Investment Aid Agency

[Kuwait Investment Authority](#)

[Kuwait Direct Investment Promotion Authority](#)

#### Other Useful Resources

[Kuwait Chamber of Commerce and Industry \(KCCI\)](#)

#### Doing Business Guides

[Country Commercial Guide for Kuwait - ITA](#)

[Doing Business in Kuwait - UHY](#)

[Kuwait Tax Guide, Deloitte](#)

[Doing Business Guide - World Bank](#)