Investment Opportunities in Kuwait

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Middle East

Following recent meetings hosted by the Kuwait Direct Investment Promotion Authority in New York and Washington, DC, we are distributing this client advisory to highlight the developing opportunities for foreign companies in Kuwait.

Investors have, for many years, been aware of the opportunities for foreign direct investment in the UAE, Saudi Arabia and Qatar, particularly in the special trade and duty/tax free zones in those countries. Driven by Kuwait’s goals of developing its core sectors, the Kuwaiti government has taken steps to make Kuwait a more attractive market for investors.

Recent legislative enactments allow foreign investors in Kuwait to own 100% of onshore domestic companies, receive up to ten year tax holidays on corporate profits, and benefit from other incentives including land allocations and import duty exemptions. Most notably, Kuwait is now one of the least restrictive countries in the region in terms of the sectors that foreign entities are prohibited from entering. The government has placed a strong emphasis on legal development, and continues to update the transparency and substance of its laws—including those related to competition, labor, small and medium enterprises, privatization and anti-corruption.

The Direct Investment Promotion Authority is specifically targeting investment in key business sectors and core infrastructure, particularly those that present opportunities for knowledge transfer and local development of expertise. Identified areas include power generation, rail, waste management, education, healthcare, housing, financial services and IT. Many projects in these sectors will benefit from earmarked government funding, as well as BOT (Build-Operate-Transfer) and similar PPP (Public-Private Partnership) arrangements.

These developments are bolstered by Kuwait’s geography, resources and civil society. A constitutional monarchy with a democratically elected parliament that retains budgetary control, Kuwait has the sixth largest proven oil reserves in the world, and has low political risk ratings. Its location at the northern tip of the Arabian Gulf gives it easy land, sea and air access to the Arabian Peninsula, Iraq and the Levant, and its longstanding relationship and alliance with the United States makes it a friendly destination for American companies and products.

Kuwait, however, remains a complex market. Covington’s experienced Middle East team, comprising lawyers who have lived and worked across the Gulf, is available to work with clients to maximize the opportunities presented in Kuwait, including arranging meetings, assisting with evaluating market opportunities and risks, and vetting of potential local partners and projects.

More information can be found at the Kuwait Direct Investment Promotion Authority website.
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