

THE HIDDEN PEARL OF THE GCC

Unlocking Kuwait's
tourism potential

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ABSTRACT

The Gulf region is experiencing a meteoric transformation in its tourism sector, with substantial investments and the development of strategic tourism blueprints across the Gulf Cooperation Council (GCC). Tourism not only allows the region's economies to diversify and reduce their reliance on the hydrocarbon industry but also provides a showcase for cultural history, boosts a range of businesses, and fosters national pride.

Like its neighbors, Saudi Arabia, the United Arab Emirates (UAE) and Qatar, Kuwait presents opportunities for exploration that cater to a variety of interests. Historical sites offer glimpses into a past where Kuwait thrived as a bustling trade hub connecting the world's markets. Its coastline beckons with the promise of ecotourism adventures and marine outings, while the Sheikh Jaber Al-Ahmed Cultural Center, also known as the Kuwait Opera House, offers a contemporary selection of local and international performances.

Yet despite its potential, Kuwait often falls behind on its promise of tourism projects that could not only serve to retain local tourism but also attract foreign interest that allows the country to claim its rightful place as a tourism destination in the GCC.

The following report highlights regional successes and outlines suggestions that could help Kuwait make its mark on the tourism map.

THE RISE OF TOURISM IN THE GULF

With its diversity of offerings, cultural richness and natural beauty, the GCC is an obvious destination of choice. To encourage a significant increase in the number of visitors to GCC countries by 2030, individual countries have developed blueprints, guided by the following three key objectives:

Catalyzing and diversifying the local economy

An influx of tourists boosts revenue for businesses, creates job opportunities, and stimulates various sectors of the economy, allowing adequate diversification and reducing the region's dependency on the hydrocarbon industry. From hospitality and food and beverage to retail and entertainment, a thriving tourism sector creates jobs and generates non-hydrocarbon revenue streams.

Bolstering a nation's global brand

Tourism can favorably position countries on the global map. GCC countries have actively leveraged tourism to showcase their cultures by hosting ambitious large-scale events such as Expo 2020 Dubai, the 2022 FIFA World Cup in Qatar, and the upcoming Expo 2030 in Saudi Arabia. When tourists have a positive experience, they become ambassadors, fostering mutual understanding and building bridges between nations. These positive testimonials attract more leisure travelers and eventually potential operators and investors.

Enriching national pride and cultural heritage

Tourism provides a platform for communities to showcase their cultural heritage, traditions, and arts — promoting cross-cultural appreciation and strengthening local identity. The presence of tourists also fosters a sense of responsibility among local communities to preserve landmarks, historical sites, and cultural heritage.

In addition to the strategic blueprints, Saudi Arabia, the UAE, and Qatar have led the way with well-defined tourism strategies and target sectors. While Qatar has positioned itself as a sporting nation, Saudi Arabia and the UAE have adopted a holistic tourism and leisure strategy encompassing nature, culture and heritage, entertainment, luxury tourism, sports, and e-gaming. As a result, each of these countries is not only internationally recognized as landmark tourist destinations, but also associated with worldwide events (Exhibit 1).

Exhibit 1: Signature international events in Saudi Arabia, the UAE, and Qatar

 Saudi Arabia	 United Arab Emirates	 Qatar
EXPO 2030	EXPO 2020	FIFA World Cup 2022
Asian Games 2034	FIFA Beach Soccer World Cup 2024	Web Summit Qatar 2024
FIFA World Cup 2034	Global Esports Games 2025	Asian Games 2030

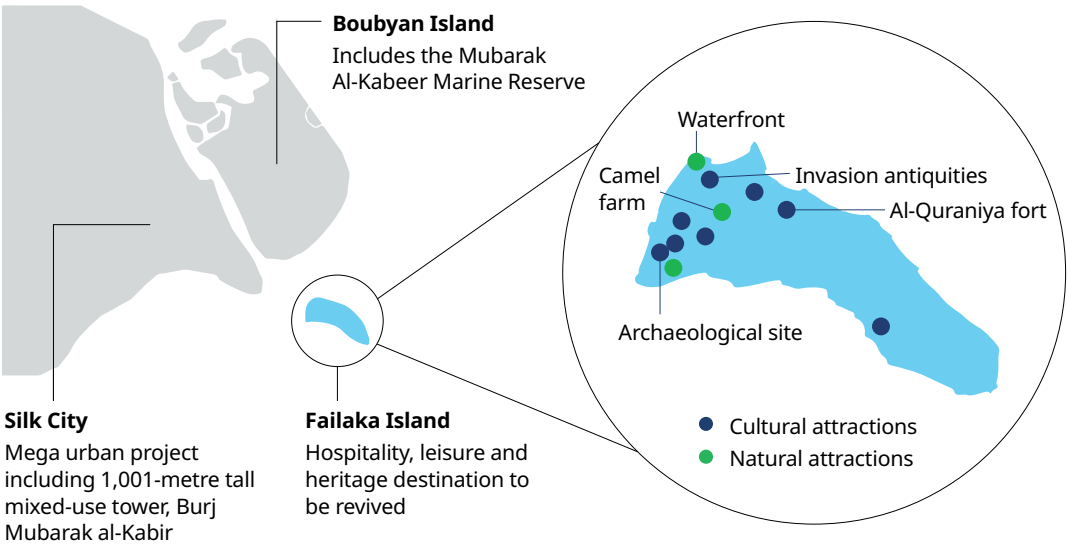
Source: Government entities websites

In contrast to its neighboring countries, which have significantly increased their investments into diversifying tourism offerings while capitalizing on emerging travel trends, Kuwait has allocated minimal resources to renovating or expanding its tourism sector. For example, Kuwait Entertainment City, a popular amusement park which opened in the 1980s on the western side of Kuwait City, closed in 2016 due to lack of investment. It was demolished in 2020 with no permanent viable alternative entertainment made available to local customers.

Meanwhile, Silk City (also known as Madinat Al Hareer), which was projected to be an \$85 billion investment including the iconic Burj Mubarak Al-Kabeer, has seen minimal progress having undergone several master plans and changes since its proposal in 2006.

Failaka Island, located just off the coast of Kuwait City, is another potential tourism destination known for its rich cultural heritage and glimmering coastline. Despite the promising concept discussed over a decade ago, the project has stalled and has yet to see significant progress (Exhibit 2).

Exhibit 2: Overview of Silk City, Boubyan and Failaka Islands

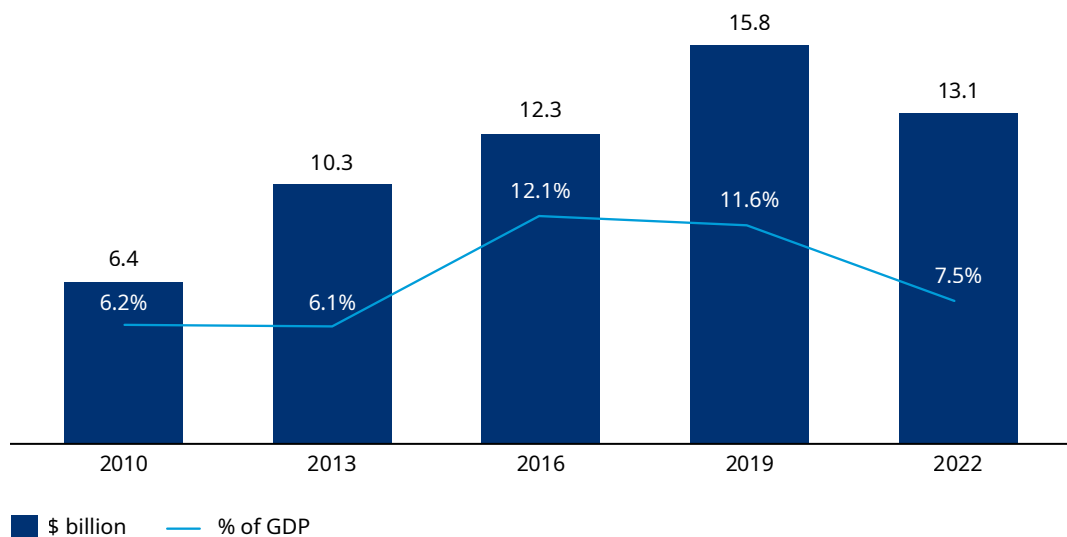


Source: Oliver Wyman analysis, MEED Projects, 2024

Another example of a flagship tourism project that has struggled with development setbacks is the Olympic Village, a multi-billion dollar sporting center, which would allow Kuwait to pitch to host the Olympic Games.

Because of these, and other unrealized local attractions, many Kuwaiti residents seek tourism experiences outside of the country. In 2019, outbound tourism expenditure reached \$15.8 billion (or 5 billion Kuwaiti dinar), representing approximately 12% of the GDP, although it has been decreasing post COVID-19 to reach 7.5% in 2022 (Exhibit 3).

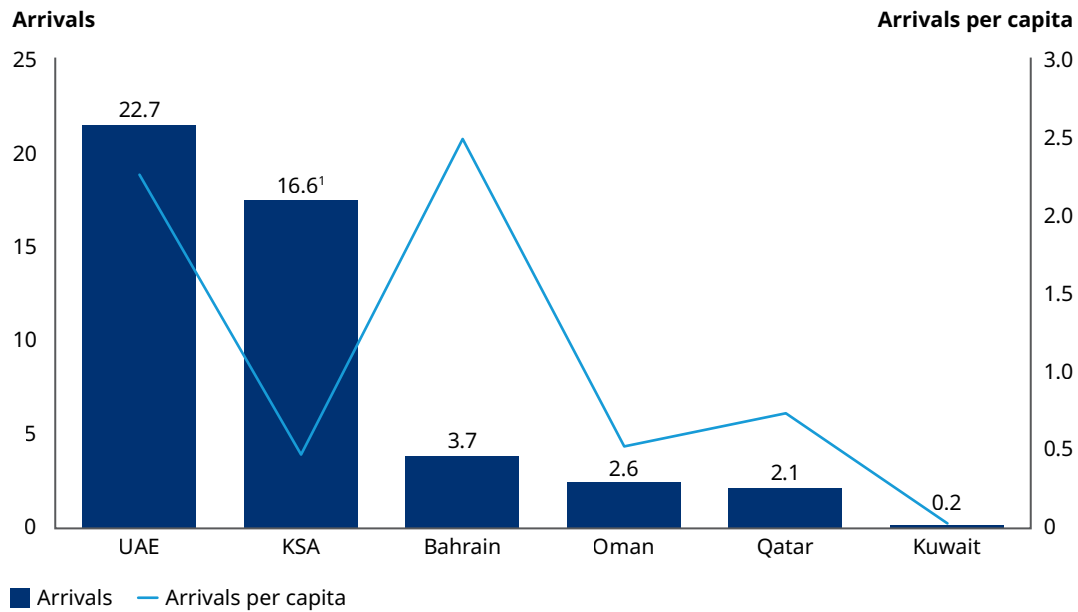
Exhibit 3: Outbound tourism expenditure as a share of Kuwait GDP (% , 2010-2022)



Source: UNWTO, World Bank

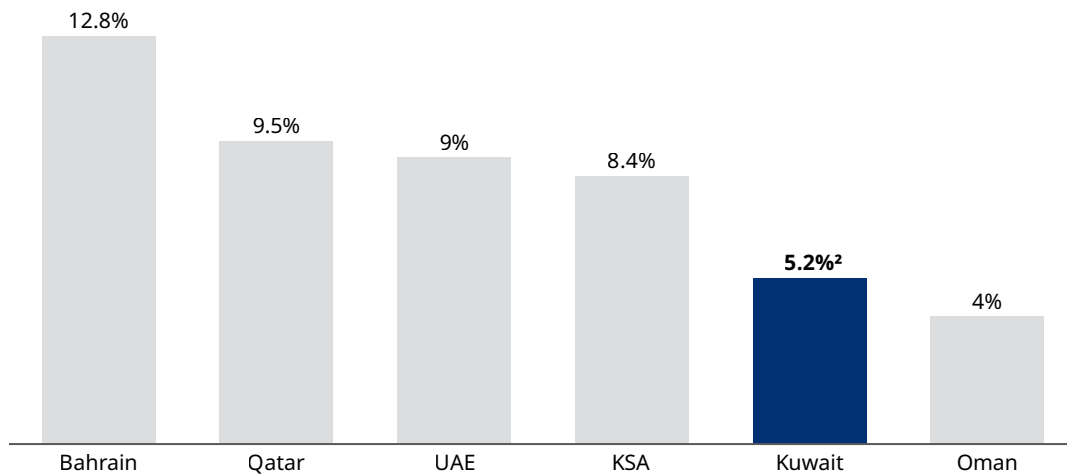
Moreover, Kuwait has the lowest total arrivals, and arrivals per capita in the GCC (Exhibit 4). Kuwait's inbound tourism contribution to GDP also ranks among the lowest of its peers, at approximately 5% of GDP (mostly driven by visiting friends and relatives). This compared with 8% to 13% across Saudi Arabia, the UAE, Qatar and Bahrain (Exhibit 5).

Exhibit 4: Inbound tourism in GCC countries (arrivals in million, 2022)



Source: UNWTO, World Bank

Exhibit 5: Travel and tourism contribution to total GDP in GCC countries (% , 2022)



Source: World Travel & Tourism Council (WTTC)

¹ Including 6 million religious tourists. In 2023, the number of inbound tourists in Saudi Arabia reached 27.4 million.

² Significant portion stemming from VFR travelers (visiting friends and relatives).

PUTTING KUWAIT ON THE MAP

With the largest share of GDP generated from oil rents (55%) among its GCC peers, Kuwait faces a critical need to diversify its revenue streams and repatriate the leakage in its tourism spend. If it were to follow the lead of Saudi Arabia, the UAE, and Qatar by defining its ambitions and clearly positioning itself as a desirable destination, it could benefit from similar tourism gains.

A key tenet of diversification is the full revamp of its tourism strategy through new and differentiated offerings, potentially reinvigorating the traditions and values that make the nation unique to tourists, residents, and investors.

To cultivate a thriving tourism sector, Kuwait should prioritize catering to local demand first. This includes developing successful hospitality and leisure projects alongside the necessary infrastructure and a welcoming environment. By focusing on residents' needs and experiences, Kuwait can capture spending and visits from citizens, residents, and their visiting friends and relatives.

Kuwait has already taken steps in the right direction with commitments to a series of investments and clear aspirations to launch new destinations. In 2016, the Sheikh Jaber Al-Ahmed Cultural Centre, also known as the Kuwait Opera House, was inaugurated after two years of construction at a budget of \$775 million (Exhibit 6). In 2022, Winter Wonderland, an entertainment venue with more than 37 rides and games, was built in the record time of two months. It attracted over 100,000 visitors in around seven weeks and reopened in October 2023 for a second season. Green Island is another destination that launched its second season in February 2023, offering carnival games, retail shops, and restaurants.

Exhibit 6: Key figures for Kuwait Opera House, a prominent tourist destination (cumulative, 2016-2020)

Sheikh Jaber Al-Ahmad Cultural Center is a multi-disciplinary complex which includes theatres, concert halls, music centers, conference and exhibition halls, cinemas, libraries, a center for historical documents, and a public park.

It is currently the largest cultural center and opera house in the Middle East, and took only 22 months to complete with a budget of \$775 million.



~1.5 million

Total visitors



~KWD 4.5 million

Revenue earned



> 6,000

Artists performed



> 250

Number of events

Source: Arab Times

Kuwait could replicate the tourism successes of its neighbors but to do so it must follow their lead by implementing a comprehensive tourism strategy with targeted positioning and clearly defined ambitions.

In the short term, the strategic blueprint for developing Kuwait's tourism sector must include four key steps:

Start the journey with a vision

Kuwait should commit to doubling down on tourism as a priority sector, with a compelling vision that clearly defines its mandate. It should appoint sectoral champions who have clear roles and responsibilities and are accountable to tangible objectives. The UAE, Saudi Arabia, and Qatar have included tourism strategies in their national visions (Exhibit 7).

The government's tourism vision should build on the following objectives:

1. Minimizing the leakage of tourism funds spent abroad by providing citizens, residents, and visitors with a vibrant and diversified portfolio of hospitality and entertainment opportunities
2. Creating a modern and business-friendly regulatory regime that encourages tourism investments
3. Preserving Kuwait's unique identity and promoting its cultural heritage, including its historical sites, museums, traditional arts, and cultural festivals
4. Collaborating with local businesses to foster more favorable business environments, which will also create tourism job opportunities for Kuwaiti citizens and residents

Exhibit 7: The UAE, Saudi Arabia, and Qatar tourism strategy targets

		
The UAE tourism strategy 2031	Saudi Arabia tourism strategy 2030	Qatar tourism strategy 2030
<ul style="list-style-type: none"> • Welcome 40 million visitors • Tourism to contribute 15% of GDP • Attract AED 100 billion in new tourism investments 	<ul style="list-style-type: none"> • Welcome 150 million visitors* • Tourism to contribute 10% of GDP • Create 1 million tourism jobs 	<ul style="list-style-type: none"> • Welcome 6 million visitors • Tourism to contribute 12% of GDP • Create 130,000 tourism jobs

* International and domestic visitors (including leisure, VFR, MICE, religious and others)
Source: UAE Government, KSA Ministry of Tourism, Qatar Tourism Authority, Arab News

Create and empower tourism executive bodies

The successful execution of this vision requires the appointment of an executive entity to act as a tourism regulator and growth enabler, supported by solid governance and an efficient implementation engine for project delivery. In addition to the Ministry of Tourism in Saudi Arabia, the Ministry of Investment, the Ministry of Culture, as well as various other entities, fund, promote and invest in tourism projects (Exhibit 8). For instance, the Tourism Development Fund enables tourism investments by providing funding options and services such as facilitation and licenses, while the Saudi Tourism Authority promotes the country as a world-class tourism destination by managing the Saudi tourism brand, driving marketing and communication efforts, and developing destination concepts.

Exhibit 8: Saudi Arabia key tourism stakeholders and respective roles







Entities	Missions
Ministry of Tourism	To enable accelerated and sustainable growth with future focused policies, investments and talent development — guided by data, powered by integrated delivery, while remaining true to the country's Arabian authenticity
Ministry of Culture	To support and enable a vibrant Saudi Arabian culture that is true to its past and looks to the future by cherishing heritage and unleashing new and inspiring forms of expression for all
Tourism Development Fund	To enable investors driving the development of Saudi Arabia's tourism sector
Saudi Tourism Authority	To support the growth of the travel and tourism sector by serving the needs of tourism companies and other commercial partners
Cultural Development Fund	To maximize the developmental impact and productivity in the Kingdom
Ministry of Investment	To promote Saudi Arabia as a world-class investment destination, attract and retain investors, and expand their investments, for the benefit of a sustainable national economic growth

Source: Entities websites

Invest in and improve supporting infrastructure and mobility

Efforts should include improving the air mobility, simplifying the visa application process, and enhancing hospitality and transport options. Other GCC countries have undertaken extensive infrastructure development projects to bolster tourism and enable the flow of people, including constructing modern airports, railway networks, and metro systems (Exhibit 9).

Exhibit 9: Tourism-enabling mobility initiatives in other GCC countries

 Airports projects	 Land transportation projects	 Infrastructure funding
 Invested to transform King Abdulaziz International Airport (KAIA) into one of the world's largest with a \$31 billion expansion plan	Launched multiple transportation projects , including \$35 billion Riyadh metro and Makkah Public Transport program	Launched a national infrastructure fund to support up to \$53 billion in projects over the next decade
 Planned \$1.6 billion revamp for Dubai International Airport , and unveiled a \$35 billion plan to build Al Maktoum International Airport , set to be world's largest with 400 terminal gates, five runways and up to 260 million passengers a year	Launched UAE's largest infrastructure project, Etihad Rail, a groundbreaking \$21 billion railway network that is set to connect 11 cities across the seven emirates	Approved a budget of more than \$17.7 billion for new Abu Dhabi infrastructural development projects
 Announced a two-phase expansion for Hamad International Airport aiming to increase airport area to 2,900 ha	Invested massively in land transport infrastructure projects, as part of the Transportation Master Plan for Qatar-2050	Announced public tenders worth \$19 billion to transform infrastructure and economy in 2024

Source: MEED

Leverage distinctive landmarks and unique attractions

Landmark buildings and monuments can become transformative national emblems, uplifting a country's tourism sector. In Kuwait, strategic investment in promotion and marketing could elevate existing structures such as the Kuwait Towers or the Opera House into powerful emblems. Similarly, GCC nations have successfully capitalized on iconic structures such as the Burj Khalifa in the UAE or the incoming mega and giga projects in Saudi Arabia to boost tourism and increase global recognition.

In the longer term, once Kuwait successfully boosts the local tourism industry and creates traction, the next priority should be to attract regional and global tourism and leisure investors. Key steps include:

Foster investment promotion opportunities

Kuwait should actively promote the potential of its tourism sector, spotlighting successful ventures and providing incentives to attract investors. For instance, the "Invest UAE" platform provides an overview of the investment landscape, showcases the country's attractiveness to investors, outlines key incentives and aggregates investment opportunities. These efforts facilitate connections with a large and global audience of potential investors.

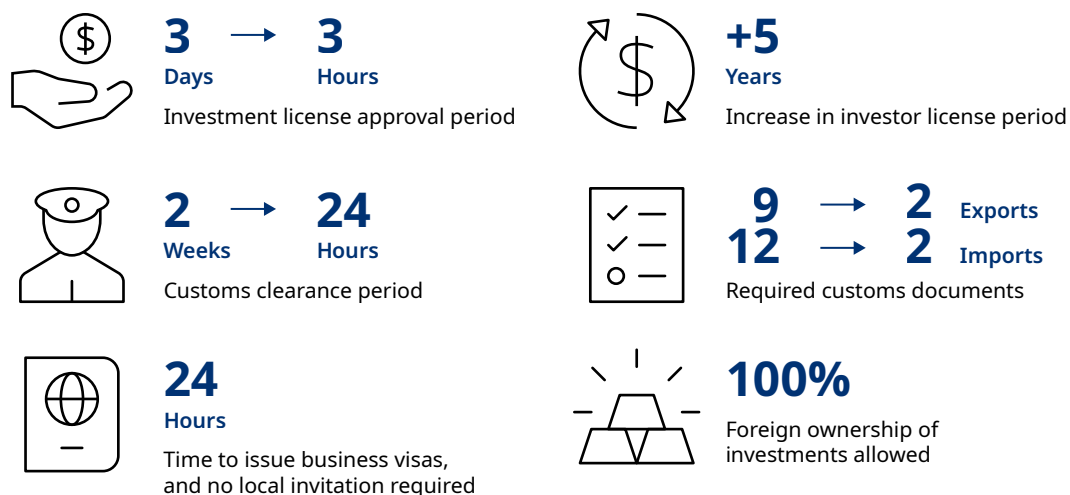
Enhance regulatory frameworks and government services to streamline business operations

Certain regulations in Kuwait pose challenges for investors:

- The State Property Law permits leasing government-owned land, but restricts leases to a maximum of 20 years, diminishing investment appeal and increasing risk
- Although the Public-Private Partnership (PPP) framework allows government land leases of up to 50 years, its typical implementation timeline is less favorable compared with the State Property Law. The PPP framework typically requires around two years for implementation, which may be even longer in practice

Therefore, establishing clear and investor-friendly regulations and policies is essential to inspire confidence. Streamlining bureaucratic procedures, providing transparent guidelines, reducing red tape, and enhancing access to funding can significantly improve the ease of doing business — and attract investment and economic activity (Exhibit 10).

Exhibit 10: Initiatives from Saudi Arabia to increase ease of doing business



Source: Ministry of Investment of Saudi Arabia

Kuwait's time to act is now. With a captive local market and obvious potential to lure foreign tourists with its rich cultural heritage and evocative natural landscapes, the country is poised to take up its rightful place on the global tourism map.

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