

THE GULF INVESTMENT CORPORATION

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The Gulf Investment Corporation (GIC), based in Kuwait City, acts as the Gulf Cooperation Council's (GCC) financial arm. Established in 1983, its objective is to support economic growth, regional cooperation and the development of private enterprise. The GIC will invest in productive revenue-generating projects, usually large multimillion dollar power or petrochemicals though it can consider smaller ones if warranted. With an authorized capital of US\$2.2 billion, of which US\$ 540 million is paid up, it is one of the largest well capitalised institution in the region. It has over \$US12 billion in assets, and equity positions in a range of businesses including food processing, textiles, medical services, petrochemicals, aluminium production, electronics and power generation. It achieved a record operating profit of US\$ 177 million in 1997, an increase of 28% over 1996.

The GIC's financial services include securities underwriting and the distribution of Gulf and international issues. It advises governments and institutions on project evaluation and finance, mergers and acquisitions, restructuring and risk management. In 1991, GIC acquired the Gulf International Bank (GIB) in Bahrain, which provides general banking services, wholesale loans and trade and project finance. In the latter, GIB has maintained a solid reputation for its capacity to structure the financing of complex projects and to lead loan syndication. It is involved in every major project in the Gulf region and collaborates with other sister institutions.

The GIC Group is composed of three main units: an investment-banking business deals with new issues, merchant banking, advisory services and corporate finance. The global-markets unit is responsible for treasury and foreign exchange operations, futures and options, and asset management. Commercial banking handles lending, trade and project finance.

As part of its efforts to assist the development of efficient private enterprises, and their increased role in the economy, the GIC provides advisory services to GCC governments pursuing privatisation programs and policies. It will also assist them in attracting foreign capital to partially finance their infrastructure development programs, with the participation of its banking subsidiary, Gulf International Bank (GIB).