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Ministry of Economic Development and Trade
Male', Republic of Maldives

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Press Release

President Dr. Mohamed Muizzu Ratifies the New Foreign Investment Law, Modernizing the Foreign Investment Framework of Maldives

In a significant move towards enhancing the investment climate in the Maldives, President His Excellency Dr. Mohamed Muizzu today, has ratified the new Foreign Investment Law. The law brings significant changes to the foreign investment framework of the Maldives, replacing the old legal structure that has governed foreign investments for over 45 years. The primary objective of the new law is to promote FDI in the Maldives by creating a more transparent and secure environment for foreign investments.

The law seeks to streamline processes for investment approval, provide clarity on investor responsibilities and rights, grant assurance on investment security, and includes provisions to give effect to multilateral and bi-lateral treaties on investment promotion and protection. The new law will come into effect three months from the date of ratification and will apply to all foreign companies and individuals intending to undertake business on a long-term basis in the Maldives. When the law comes into effect, foreign investments established and operating under approval issued by the Ministry shall be deemed to be investments authorized under this Act.

Under the new law, all foreign entities or individuals seeking to establish a business in the Maldives on going concern basis will need to secure an investment license before commencing business operation and comply with the terms of the license for the duration of their operations. The law also seeks to improve transparency and equitable treatment of investors by mandating the Ministry, in consultation with the Cabinet, to publish business areas closed and restricted for foreign investments, and outlining any special conditions applicable to invest in restricted areas. The criterion for this determination includes national security considerations, competitiveness impact, the prevalence of domestic players in the market, foreign expertise and knowledge required for specific sectors, and potential contributions to employment opportunities and human capital development.

The law also accords investors specific responsibilities and rights while conducting business in the Maldives, including the right to fair and equitable treatment, repatriation of profits, and assurance of fair compensation in cases of expropriation which can only be for specific public purposes or national security reasons. These measures address long-standing investor concerns relating to the security of their investments in the Maldives.



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The law also establishes mechanisms for investor complaints and remedies, by providing an avenue for investors to approach the Ministry regarding administrative decisions taken by the Ministry or other Government agencies. The law requires the Ministry to review and assess such complaints through an independent committee.

The law allows for the enforcement of existing bilateral and multilateral investment treaties, ensuring that provisions within these treaties take precedence. This is a critical assurance sought by major investors looking to establish and expand their presence in the Maldives.

With the new law in place, Maldives is poised to attract higher levels of FDI, driving economic growth and diversification. This development is expected to generate new employment opportunities, enhance human capital, and solidify the position of Maldives as a competitive and secure investment destination for international investors.

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