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Exploring Kuwait's trade & investment relationship with UK

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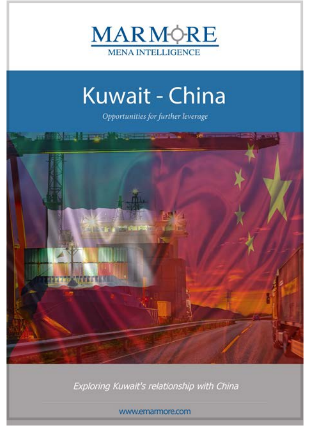

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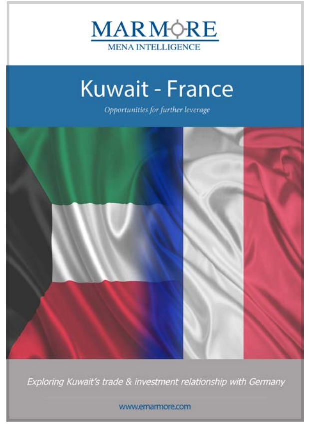

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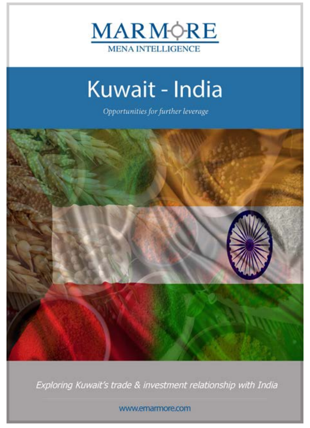

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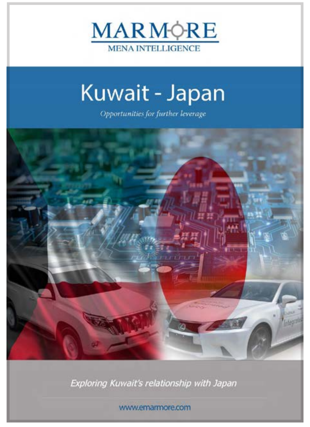

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ECONOMIC RESEARCH REPORT

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Executive Summary

The relationship between Britain and Kuwait dates back to the middle of the 18th century and the activities of the British East India Company, which eventually set up an office in the country in 1793. In the 1930s, the British Anglo-Persian Oil Company (APOC) negotiated a concession to explore for oil, and in 1934, the Kuwait Oil Company formed and registered as a joint enterprise with the APOC, which later became BP.

In February-1999, an agreement was signed between the State of Kuwait and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital signed.

UK's imports from Kuwait during 2016 were USD 0.9bn of which Petroleum Oil accounted for 92.7%. Exports to Kuwait in the last five years have gradually increased and reached USD 904mn in 2015, before falling to USD 768mn in 2016.UK ranked 4th in terms of FDI in Kuwait investing close to USD 602mn over the period Jan '03 to May '15. Over 100 UK companies, franchises and companies with agents are already operating in Kuwait. UK attracted less than 1% of the total FDI outflows from Kuwait during the period Jan 2003 to May 2015.

There are ample opportunities for Kuwait to tap into the UK's experience. Over the past decade, economic reforms in the UK has enabled job creation and has driven the unemployment rate to one among the lowest among advanced economies, at below 5%. Private sector job creation has always appears high on Kuwait's agenda since most of the nationals currently work for the government. The UK is a major financial centre and Kuwait could draw some inspiration from the UK, on developing its financial infrastructure and allied industries. Kuwait currently has a sound banking system that is well-capitalised and plays a huge role in government bond issues. SME funding could be an area for further tie-ups as the UK banks sanction USD 8.4Bn worth of loans every quarter.

VAT implementation and tax codes are another area that is open for more collaboration between these two countries. Introduction of VAT in the GCC region is expected to throw up new challenges including preferential tax treatment for tourists, cross-border sales and VAT refunds. The UK's previous experience of dealing with the EU region make them an ideal partner for Kuwait.

The UK was the first country in the world to develop the concept of public private partnerships (PPP) for public services projects. With such long experience of PPP, the UK has unique expertise in developing PPP projects and continues to evolve the PPP model to optimize value for money. Kuwait has just started to experiment with PPP projects and the UK could help Kuwait in a variety of areas ranging from project bidding, execution to handover and dispute redressal.

Kuwait-UK Relationship

	Current Engagements	Future Possibilities
Exports	Refined Petroleum, Ethylene Polymers, Aircraft Parts	
Imports	Cars, Medications, Electric Equipment, Gas Turbines, Valves, Air Pumps	
Bilateral Agreements	Double Taxation treaty since 2000	UK Kuwait Free Trade Agreement
Others	FDI in the UK, Investment in London real estate	Protection of Critical infra-structure and Cybersecurity

Source: UNCTAD

Key Connecting Points between Kuwait & United Kingdom

Trade Relations (2016)	
Exports to UK	USD 881mn
Imports from UK	USD 768mn
Trade Balance	USD 112mn
Investments (Jan 2003-May 2015)	
Inward in Kuwait	USD 602mn
Kuwait Outward	USD 412mn
Net Outflow	USD 190mn

Source: UNCTAD, Central Statistics Bureau (CSB), FDI Intelligence, Financial Times, World Bank, bq magazine; Note: Investments represent FDI flows during the period of Jan '03 to May '15.

Kuwait-UK: The Future

Lessons from UK	
A diversified economy helps tide over turbulent times and enables faster recovery	UK economic recovery stronger in the aftermath of global financial and EU debt crisis
	Post Brexit UK still the fastest growing economy in the G7 in 2016
Diversified basket of exports relies on traditional manufacturing strengths	UK 9th largest export economy in the world, shipping around USD 500bn
	Reliance on more than sector ensures minimal impact on GDP
Service sector focus	Service sector contributes well over 3/4ths of the GDP. Financial services at the center
	Companies in the UK's services sector, enjoyed the fastest growth in 2016, despite Brexit
Rising investments on research and development	UK reputed across the globe for stellar research and innovation systems
	For every £1 invested by the Government in R&D, private sector productivity rises by 20 pence annually, in perpetuity
	Small Business Research Initiative (SBRI) generates new business opportunities for SMEs
	UK government to continue funding R&D at £4.7bn per annum, in real terms
Potential Tie-Ups	
Public-Private Partnerships	UK first country in the world to develop the concept of PPP for public services projects
	Acknowledged as world-leader in healthcare PPPs
	Kuwait could draw from the UK experience to set up similar PPPs in healthcare
Healthcare for Kuwaiti citizens	London a major destination for Gulf patients looking to get treat-ment for rare diseases
	Engage the UK in facilities management, digital infrastructure, pri-mary healthcare, healthcare management systems, administration of hospitals etc.
	Tie up with the NHS in order to improve the delivery of its own healthcare system
Focus on Science, Technology, Engineering and Medicine (STEM) to improve economic prospects	FCO and the Department for Business, Innovation and Skills jointly fund the UK Science and Innovation Network (SIN)
	SIN Kuwait focuses on emerging health issues and global chal-lenges on water and food security
	Building capacity to deliver evidence-based policies
	Kuwait could develop a collaborative relationship with the UK in the STEM fields
Sectors of interest	
Travel	Multinational food chains see huge potential in the Kuwaiti market
	UK's expertise in the tourism, travel and hospitality could benefit Kuwait
Retail and Sales	Kuwait a major destination for retailers; wholesale & retail sales worth USD 6.3Bn, or 5.4% of the GDP
	Kuwait could look at tapping into UK's expertise in e-commerce, drafting regulations laws and setting up a dispute redressal mechanism
Financial Services	Aid in developing its financial infrastructure and allied industries
	UK's transparent law and robust investor protection framework ensure continued investor participation
	Kuwait's financial industry lags behind in many areas, and could emulate the UK

Source: Marmore

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Kuwait – UK: An Introduction

Kuwait, which was once a coastal desert village, has transformed into a modern city-state with a per capita income of USD 25,141[1]. It has about 104 billion barrels of proven crude oil reserves, which amounts to almost 8% of global oil reserves. Oil & gas industry accounts for nearly half of its economic activity, 88% of exports and 71% of government revenues[2]. Propelled by high oil prices, Kuwait's economy grew rapidly in the past decade. Kuwait registered budget surpluses for consecutive years and built up sizeable reserves. Global financial crisis and the recent drop in oil prices have stymied the pace of investment and development activities. Kuwait exports which primarily consist of oil and its related products (crude oil, refined petroleum, petroleum gas & cyclic hydrocarbons) amounted to USD 55bn in 2015[3]. Key destinations include South Korea, India, Japan, U.S and China.

In 20156, exports to UK accounted for 21.9% of total Kuwait exports. Kuwait with meager arable land and a burgeoning industrial/manufacturing base depends on imports for most of its necessities of life. In 20156, Kuwait imported automobiles, refined petroleum, telecom equipment, food & clothing, construction materials, gold & jewelry among others worth USD 32bn majorly from China, U.S, UAE, Japan, and South Korea. Kuwait imports the most from China. In 20156, Kuwait imported goods worth USD 907768mn from UK, which represents 32.4% of total Kuwait imports.

Diplomatic Ties – Historical Perspective

The relationship between Britain and Kuwait dates back to the middle of the 18th century and the activities of the British East India Company, which eventually set up an office in the country in 1793, and which by 1821 had moved its trading post to Kuwait from the city of Basra, then part of the Ottoman Empire. Throughout the nineteenth century, the Al Sabah family oversaw the growing trade and pearling settlement in Kuwait. Kuwait established a formal alliance with Britain under Mubarak the Great in 1899 that gave Britain control of Kuwait's foreign policy.

In the 1930s the British Anglo-Persian Oil Company (APOC) negotiated a concession to explore for oil, and in 1934 the Kuwait Oil Company was formed and registered as a joint enterprise with the APOC, which later became BP. Oil was then discovered in the south of Kuwait City in 1938, leading to oil exports in the 1950s.

Agreements between UK and Kuwait in the Economic Field

In February-1999, an agreement between the State of Kuwait and the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital was signed.

[1] IMF, 2016 estimate
[2] IIF, IMF
[3] Kuwait Central Bank

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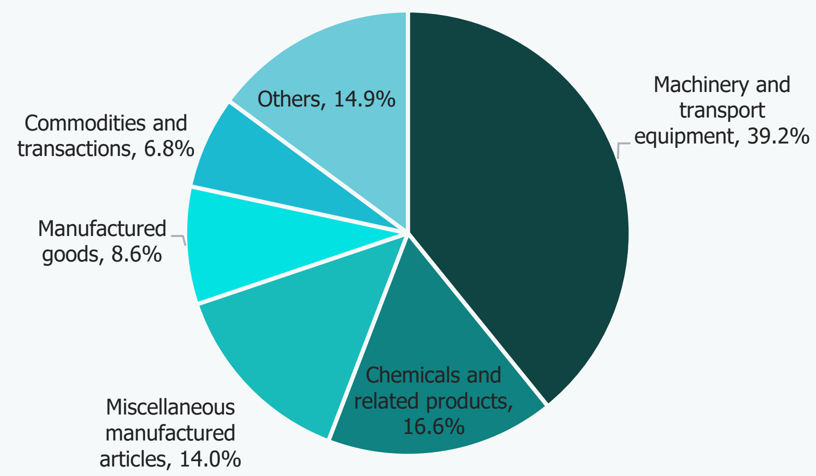
Kuwait's relationship with UK

Automobiles, especially the high-end luxury cars, gold, medicaments, engines and aircraft form over a third40% of UK exports. Cars, machinery and other transport equipment account for over 36nearly 30% of the total exports from the UK. UK is the second largest economy in Europe in terms of GDP, and nitenth largest exporter in the world, as of 20156. UK exports totaled to USD 4166bn in 20156, which was 8.810.8% lower than its exports in 20154, owing to the slowdown in emerging markets, especially China.

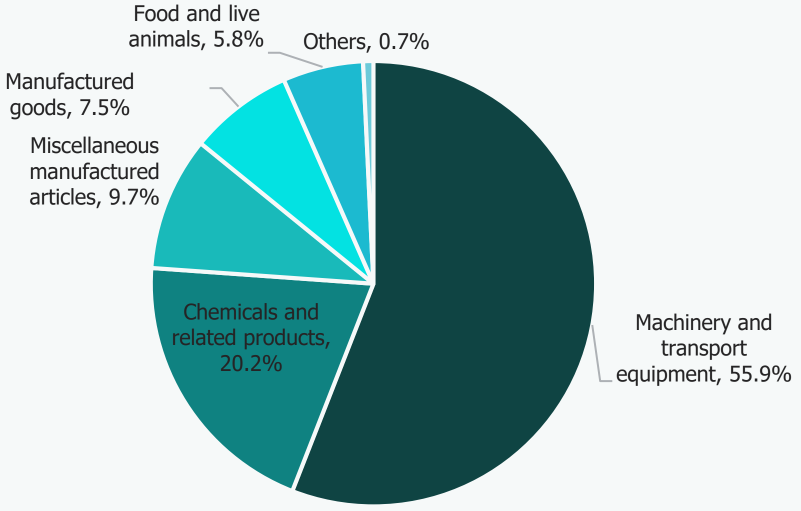
Machinery and transport equipment formed over 369% of the total exports from UK, followed by chemicals that constitute nearly 17% of the exports. The largest trading partner of UK is the United States, accounting for 14.98% of the total exports followed by Germany (10.7%), Switzerland France (76.3%), Netherlands (6.3%), China Ireland (5.6%), Switzerland (5.94.6%) and France China (5.84.4%). Machinery and transport equipment forms 34% of UK exports to the US. The UK's deficit on trade in goods and services was estimated to have been £4.2bn in November 2016, a widening of £2.6bn from October 2016, which reflects a £3.3bn increase in imports, partially offset by a £0.7bn increase in exports.

UK's 2016 Top Exports: Product Categories



Source: UNCTAD

UK's top exports to Kuwait, 2016



Source: UNCTAD

UK's (top 5) exports, (in percentage and USD), to the world and Kuwait

UK's Top 5 Exports to the World	2016	(in USD bn)
Motor vehicles for the transport of persons	9.9%	41.3
Medicaments (incl. veterinary medicaments)	5.5%	22.8
Aircraft & associated equip-ment; spacecraft, etc.	4.9%	20.6
Engines & motors, non-electric; parts	4.7%	19.6
Gold, non-monetary (excluding gold ores and concentrates)	3.8%	15.9

Source: UNCTAD

UK's Top 5 Exports to the Kuwait	2016	(in USD mn)
Motor vehicles for the transport of persons	29.8%	229
Medicaments (incl. veterinary medicaments)	7.7%	59
Rotating electric plant & parts	3.9%	30
Perfumery, cosmetics or toiletries (excluding soaps)	3.5%	27
Apparatus for electrical circuits; board, panels	3.0%	23

Source: UNCTAD

Kuwait's imports from UK comprises mainly of machinery and transport equipment, and medicaments and jewelry, which together account for 37.5%. Import of printed circuit board and panels and medicamentsElectric plant and parts, perfumes and printed circuit boards and panels together form over 5.810% of the total import from the UK.

The UK is keen on bolstering ties with Kuwait in all domains, with emphasis on commercial and investment relationships. Kuwait has a long history with the City of London, through the Kuwait Investment Office. British banking institutions, such as the HSBC also have a long operating history in Kuwait. UK remains a major defense partner, and funds scholarships to travel and study in the UK.

Bilateral Trade Relations

UK is the 14th largest partner for Kuwait in terms of exports while it is 9th in terms of imports. It is the UK's third largest trading partner in the Gulf Cooperation Council (GCC) countries. Kuwait and UK have a long track record of trade and historical ties, in 2013, the UK Kuwait Business Council was established with a focus on building business growth between the two countries. The Council aims to boost trade and investment relations and also seeks to remove the obstacles hindering a swift exchange of investments between the UK and Kuwait.

Depending on the trade and investment relationship of the individual GCC counties with Britain, the eventual British exit from the EU will have both positive and negative implications on GCC countries. In the near term, the most anticipated negative effect would be in the form of decline in value and returns from GCC investments in UK due to the depreciation of the British pound. However, in the long-term the bilateral trade relationship can improve greatly post the Brexit. With the Brexit, the UK may also seek to sign beneficial bilateral trade deals with GCC governments, as the EU was unable to reach a Free Trade Agreement (FTA), with the GCC, despite negotiations going back to 1988.

The UK signed a Double Taxation Agreement with the UAE and in October 2015, the UAE and Britain set a new target for bilateral trade that would more than double its current value to Dh135.24 bn by 2020. This clearly demonstrates that bilateral deals might actually be preferred and more easily achieved post the Brexit era.

GCC countries imported products worth USD 16.2bn and exported products worth USD 6.3bn to UK. The trade balance for the GCC countries was a deficit of USD 10bn; however, besides Qatar, Kuwait was the only GCC country with a trade surplus of USD 112mn.

GCC Trade relations with United Kingdom (USD Mn) - 2016

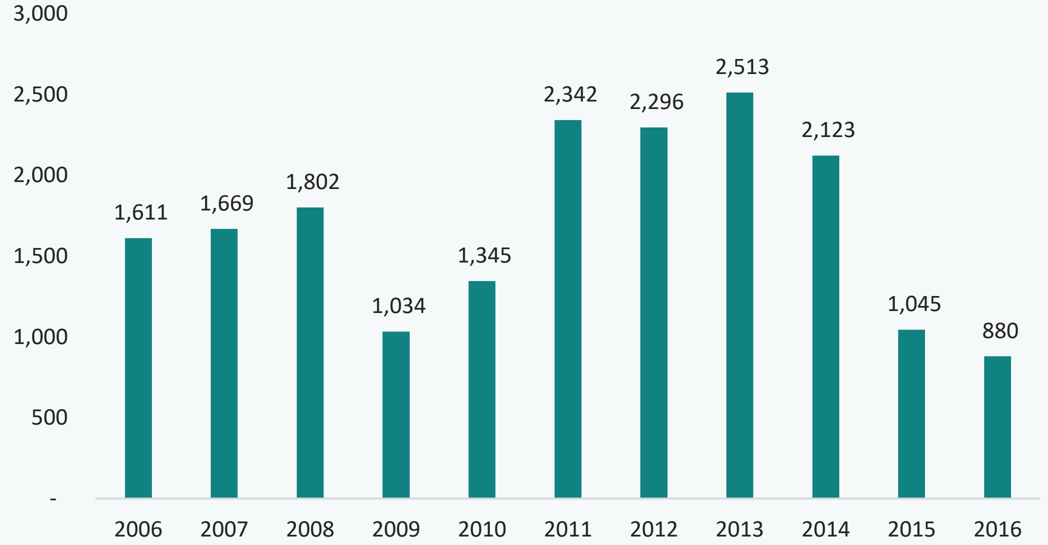
	Imports from UK	Exports to UK	Trade Balance
KSA	1,488	4,187	(2,699)
UAE	2,006	8,700	(6,694)
Kuwait	**881**	**768**	**112**
Qatar	1,797	1,772	25
Bahrain	116	382	(266)
Oman	52	435	(383)
GCC	6,340	16,244	(9,904)

Source: UNCTAD

Kuwait Exports to United Kingdom

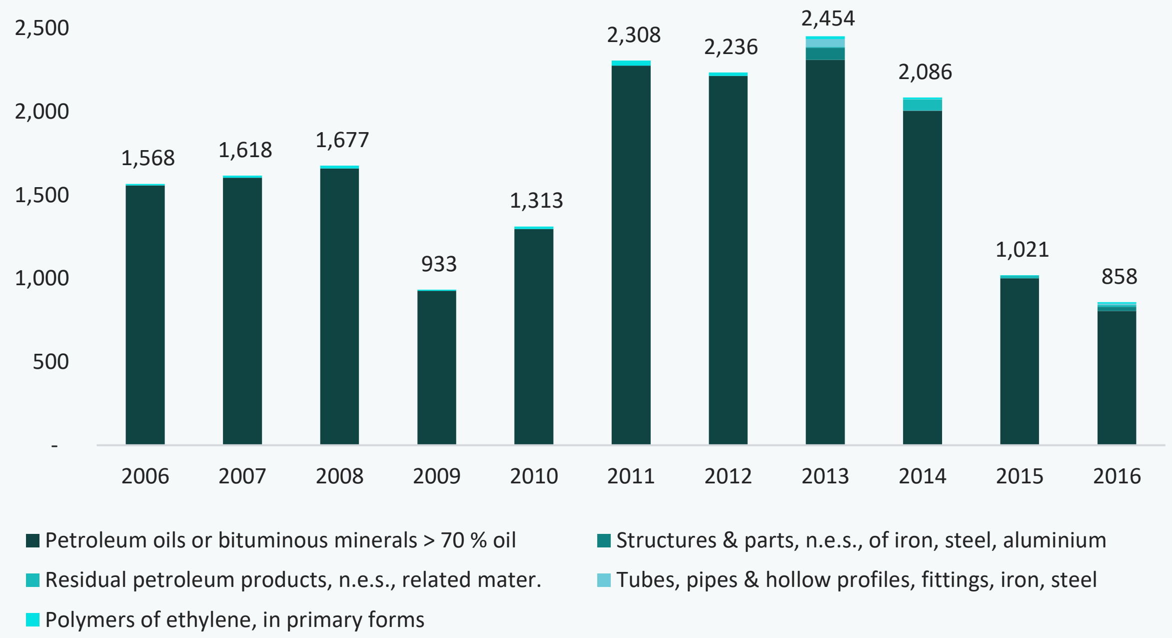
UK's imports from Kuwait during 2016 were USD 880mn of which Petroleum Oil accounted for USD 817mn. The top five products, include petroleum oil, other petrochemical products, polymers, and building materials. The reduction in value of Kuwait's exports to UK, compared to 2015, was due to the low crude oil price and reduced purchase of crude oil from Kuwait by United Kingdom.

Kuwait Exports to United Kingdom (USD mn)



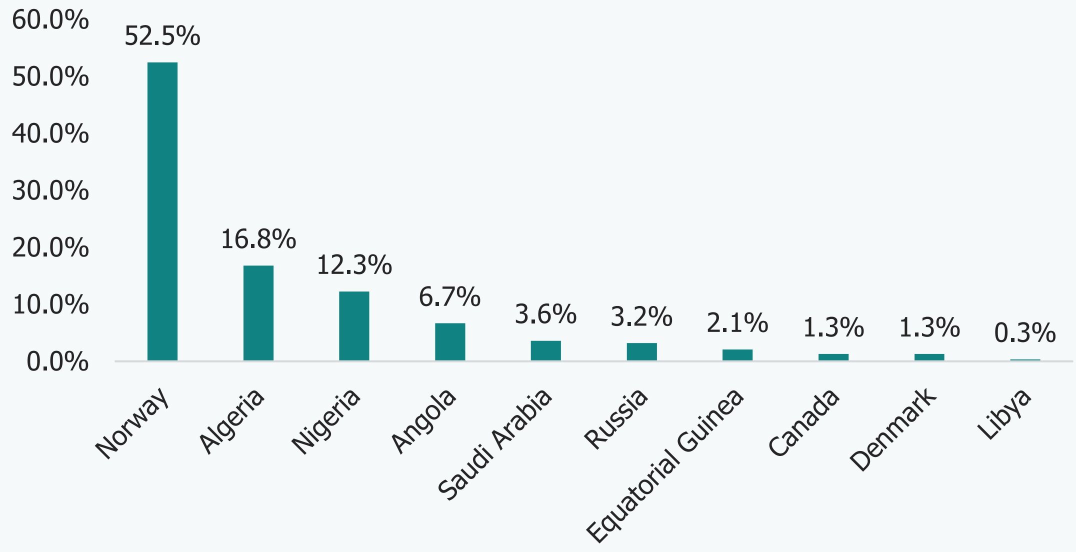
Source: UNCTAD

Category wise Exports (top 5) from Kuwait to UK (USD mn)



Source: UNCTAD

UK Crude Oil Imports by Source (2015)



Source: EIA

Economic ties underpinned by Oil

UK was initially a net exporter of crude oil and natural gas, however, since 2004 and 2005 the UK became a net importer of crude oil and natural gas, respectively. After peaking in late 1990s, the production from UK oil and natural gas fields has generally declined over the past several years. The drop in production can be attributed to slow discovery of new reserves and new production that failed to keep pace with the maturation of existing fields. Production of petroleum and other liquids increased in 2015-16, as investments made when oil prices were high became functional, but the UK remains a net importer. Oil accounts for more than 90% of the Kuwaiti exports to the UK, though it is less than 0.3% of the total oil imports by the latter.

Strategic Petroleum Reserve (SPR)

UK as part of European Union (EU) does not hold state-owned specific stocks.[4] However, as EU Member States (MS) are required to hold oil stocks at the higher of 90 days of average net daily imports or 61 days of average daily inland consumption in order to mitigate a supply crisis. Since UK produces oil, it presently needs to hold 61 days of average daily inland consumption. However, as UK crude oil production declines, the obligation will increase, and will eventually be based on 90 days of average net daily imports.

The EU members are required to hold at least one third of their oil stocks in the form of one or more particular product categories. The categories of finished petroleum products held to meet this requirement must match to those products, which account at least 75% of that state's inland consumption. The UK will consequently require its stockholding companies to hold one third of their stocks in the form of motor gasoline (i.e. petrol), gas/diesel oil (distillate fuel oil) and kerosene-type jet fuel[5].

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[4] UK has voted for an exit from EU, popularly known as BREXIT, however, the official exit is likely to happen in the second quarter of 2017 and for now, it is still part of EU.
[5] Department of Energy and Climate Change

Kuwait Imports from United Kingdom

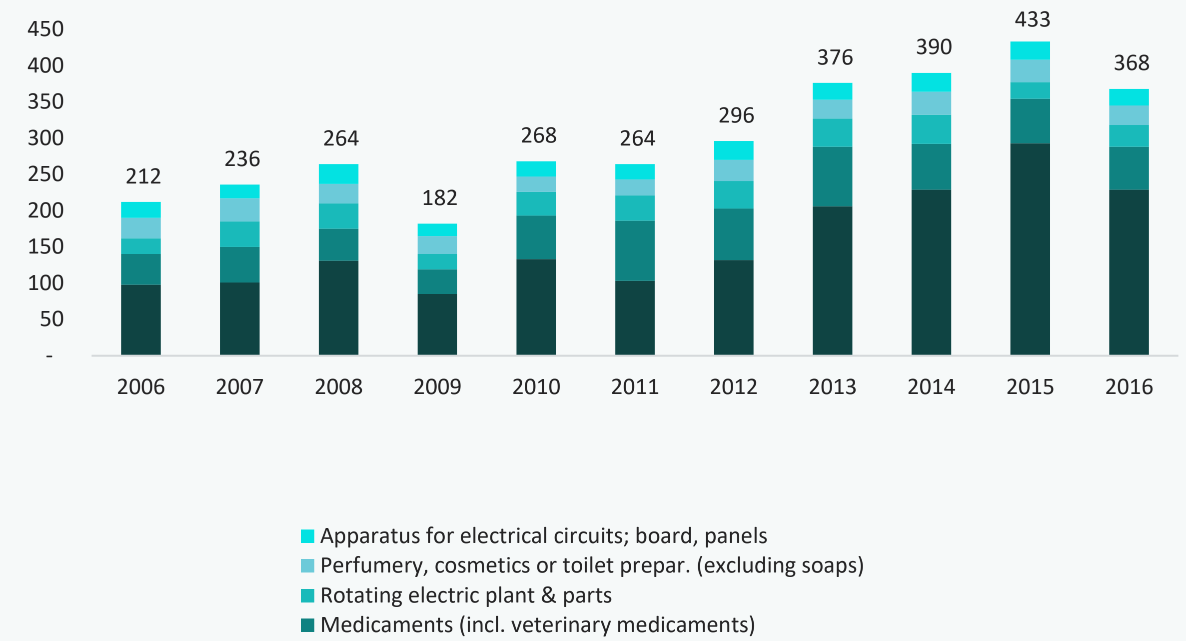
UK exports to Kuwait in the last five years have gradually increased and reached USD 907mn in 2015, before falling to USD 768mn in 2016. During 2016, major items exported from UK to Kuwait covered a broad range including vehicles, boilers, machinery and mechanical appliances, electrical machinery and pharmaceutical products.

Imports from UK have grown at a rate of 1.6% (CAGR) over the period of 2010-16. Imports from UK largely include motor vehicles, which accounted for nearly 30% of the imports in 2016, followed by Medicaments (7.7%), Rotating electric plant & parts (3.9%), Perfumery and cosmetics (3.5%), Apparatus for electrical circuits (3%).

Kuwait Imports from United Kingdom (USD mn)

Source: Kuwait CSB

Category wise (top 5) Imports from United Kingdom (2006-2016) (USD mn)



Source: UNCTAD

3 Investments

Over 100 UK companies, franchises and companies with agents are already operating in Kuwait. Examples include Shell, BP, PWC, Harvey Nichols, Boots, Amec, Atkins, Coffee Republic, Mulberry, Grant Thornton, Dundee University, Pitman Training, and Waitrose[6].

BP in Kuwait

British Petroleum (BP) was one of the founders of the original KOC, which first discovered oil at Burgan in February 1938. On December 23rd, 1934, the first Kuwaiti oil concession agreement was granted to Kuwait Oil Company (KOC) Limited, which was formed by the Gulf Oil Corporation (presently Chevron Oil) and the Anglo-Persian Oil Company (presently British Petroleum).

BP was also appointed by the Kuwaiti government to assist in the redevelopment of Kuwait's oil industry after the 1990 Iraqi invasion. In addition, since 1992, BP helped KOC to manage the North and West Kuwait oil fields. In September 2014, BP signed a technical services agreement with Kuwait Oil Company (KOC) to bring BP's expertise in enhanced oil recovery to the giant Burgan oilfield.

Kuwait Oil Company (KOC) enhanced technical service agreements (ETSA)

In 2016, the KOC has signed ETSA with Shell and BP to achieve objective of increasing its daily crude oil production to 4 million barrels by 2020.

Shell has the biggest part of the contracts, as it has to increase the production in northern oil fields to more than 1mn barrels per day. BP is tasked with maintaining the Great Burgan oil field, which is one of the three biggest oil-producing fields in the world, and ensuring its production is more than 1.7mn barrels per day.

FDI Inflows in Kuwait

Kuwait's FDI inflows over the years have largely been restricted to its major trading partners – the UAE, the U.S, France and the U.K. These four countries accounted for 23%, 22%, 19% and 5.4% of the FDI inflows that came into the country over the period January 2003 to May 2015 respectively. UK ranks 4th in terms of FDI in Kuwait investing close to USD 602mn over the same period. Around 20 UK companies have invested in Kuwait in 20 projects.

[6] www.gov.uk

Inward Investment (FDI, Greenfield Projects) in Kuwait between Jan '03 to May '15

Rank	Country	No. of Firms	No. of Projects	Jobs Created	Value (USD mn)
1	UAE	57	79	10,027	2,620
2	U.S	41	45	4,325	2,486
3	France	21	21	3,561	2,230
4	**U.K**	**20**	**20**	**1,921**	**602**
5	Singapore	1	1	875	601
10	India	17	20	1,410	215

Source: The Arab Investment & Export Credit Guarantee Corporation (Dhaman)

Outward Investment (FDI, Greenfield Projects) from Kuwait between Jan '03 to May '15

Rank	Country	No. of Firms	No. of Projects	Jobs Created	Value (USD mn)
1	China	6	6	3,341	9,264
2	Vietnam	3	6	3,342	9,186
3	Bahrain	26	40	17,217	7,176
4	UAE	44	62	21,138	7,039
22	**United Kingdom**	**4**	**7**	**1,186**	**412**

Source: The Arab Investment & Export Credit Guarantee Corporation (Dhaman)

FDI outflows from Kuwait

UK has attracted a less than 1% of the total FDI outflows from Kuwait during the period Jan 2003 to May 2015. Kuwaiti Companies have invested in seven projects creating 1,186 jobs at an investment of USD 412mn.

Kuwait Investment Authority in London

The Kuwait Investment Authority (KIA), though it's London-based Kuwait Investment Office has made considerable long-term investments in assets such real estate, infrastructure and government stocks and bonds. In 2013, KIA claimed that it has more than doubled its investment in Britain over the previous 10 years to more than USD 24bn.

Kuwait owns London landmarks such as the More One riverside development which houses the headquarters of the mayor, and buildings in London's business district known as Canary Wharf. KIA has focused on infrastructure investments through its Wren House Infrastructure Management arm, set up in 2013[7].

Brexit Impact on Kuwait & GCC

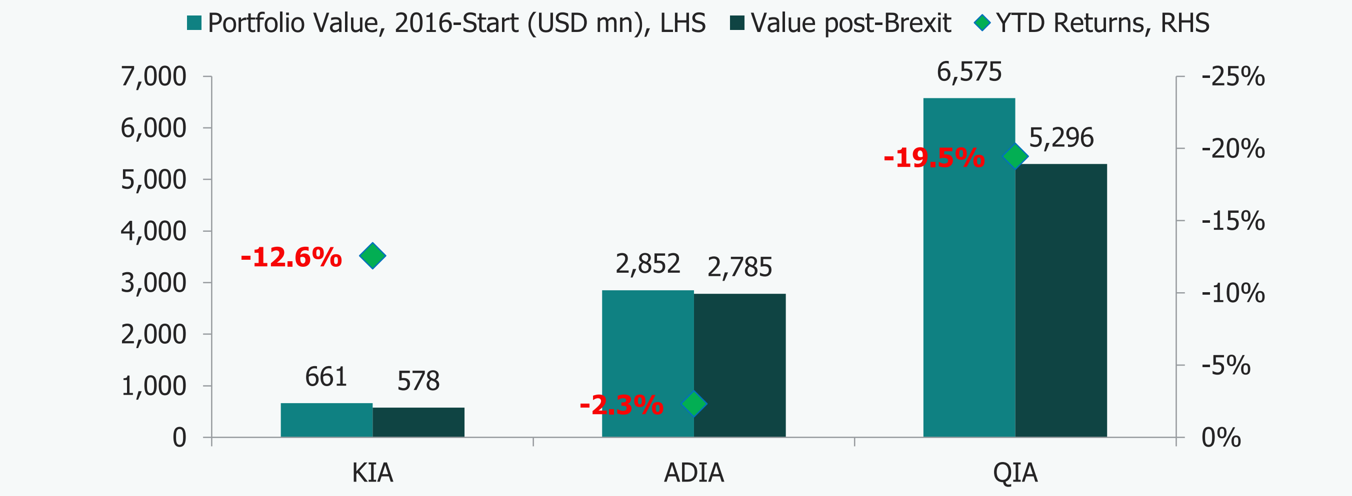
Realty agents and analysts opine the exit from EU would end the housing boom in Britain bringing the price rises to an abrupt halt as the consumer confidence would take a beating due to continued uncertainty, expectations of slowing economy and growing unemployment.

London real estate is one of the most sought after investment due to its unparalleled connectivity, political stability, transparency and clear titles and varied economic opportunities that it offers. It is also one of the most liquid real estate markets in the world. Over the past 15 years, let residential market in U.K has performed well on an absolute and risk-adjusted return basis, generating average annualized returns of 10.5% per annum and average rental growth over the period of 2.7% per annum . In the past seven years, investors in London real estate had benefited from 70% growth, and it is expected to achieve a cumulative capital growth of 19.1% over the next five years .

The fall in value of pound against GCC currencies (which are mostly pegged to U.S dollar) would directly reduce the value of KIA's Real estate investments by 8-10%. Continued inflow to safe haven assets such as U.S treasury would steadily rise the value of dollar against British Pounds. KIA, also has a direct exposure of only USD 0.58bn in listed equities that are spread among 35 stocks which are traded in LSE[8].

Britain exit from EU would be a long-drawn process (Article 50 of Lisbon Treaty) that could plunge Britain into constitutional crisis. Alternatively, this could exacerbate the political and geopolitical risks by undermining the stability of European Union. Brexit outcome also signifies the rise of populism and anti-globalization measures. This is negative for GCC economies as they have benefitted the most from free-flow of goods, capital and labor. GCC's Trade activity with EU would not be affected, as they do not have a specific trade agreement. On a positive note, U.K upon exiting EU would be eager to sign trading agreements to boost their activity.

GCC SWF Exposure to Equities listed in LSE (includes KIA, QIA & ADIA)



Source: Reuters, Marmore Research

[7] *Reuters*

[8] *Reuters*

Brexit Impact on Kuwait

Channels		Impact
Economy	Anti-globalization measures; U.S Fed could hold lower rates for longer	Negative Positive
Trade	EU-GCC: No specific trade agreements in place UK-GCC: Scope for trade agreement. Imports from U.K (automobiles & capital goods) to be cheaper.	None Positive Positive
Investments	Real Estate: U.K real estate to be depressed; Commerical realty to be most affected Equities: U.K listed firms have largely global operations and their profits depend on global economy; however, in USD terms performance could be muted due to currency depreciation	Negative Negative
Currency	British pound to further depreciate affecting Kuwait investments in U.K	Negative
Oil	If U.K plunges into recession & contagion spreads to EU it could further lower oil prices	Negative
Tourism	Inbound tourism from U.K could be affected; Kuwait tourism to UK would become cheaper	Negative Positive

Source: Marmore Research

4

What can Kuwait learn from the UK economic growth story

UK is the fifth largest economy in the world with a GDP of about USD 2.6 trillion (IMF), and is one of the most globalized economies. Service sector dominates the UK economy, contributing around 78% of GDP, led by the financial services industry. London is the world's largest financial center in the world, dominating in the fields of banking and insurance. Exports of financial and business services make a significant positive contribution towards the country's balance of payments. By the 18th century, the UK was the first country to industrialize, and manufacturing still accounts for around 10% of the country's economy. Britain's aerospace industry is one of the largest national aerospace industries in the world, with an annual turnover of £30bn. BAE Systems is the world's second-largest defense contractor, and Rolls-Royce is the world's second-largest aircraft engine maker. Its pharmaceutical industry plays an important role in the economy, and the UK has the third-highest share of global pharmaceutical research and development. Other industries of significance include Information Technology, Construction, Oil and Gas, Healthcare, Education, Logistics and Transport, and Wholesale and Retail.

Over the past decade, economic reforms in the UK has enabled job creation and has driven the unemployment rate to one among the lowest among advanced economies, at below 5%[9]. Some prominent factors that define the UK economic growth story are as detailed below—

- **A diversified economy helps tide over turbulent times and enables faster recovery**: After the 1992 recession, the UK experienced its longest period of economic growth, and avoided the inflationary booms of the previous decades. The credit crunch of 2007-08 hit the UK economy hard and caused a steep drop in real GDP. Post the financial crisis, loose monetary and fiscal policy, led to a partial recovery in 2010 and 2011. However, in 2012, a second double dip recession was caused by a variety of factors including European recession, lower confidence caused by austerity measures, continued weakness of bank lending and falling real incomes. Since 2013, the UK economy has experienced positive economic growth, and has remained one of the relatively best performers in Europe. Economic recovery has been stronger in the service sector than manufacturing and industrial output, and there remain fears that the UK recovery is still unbalanced. Post Brexit, the UK still remains the fastest growing economy in the G7 in 2016, and is yet to show any signs of the slowdown that many economists predicted would follow the vote to leave the EU.

[9] *Tradingeconomics*

- **Service sector focus:** Service sector in the UK contributes well over three-fourths of the GDP, with the financial services industry at the center of it. The service sector produces intangible goods, and is comprised of various service industries including warehousing, transportation, IT and communications, commodities, securities and other investment services, professional, technical and scientific services, health care and social work; and arts, entertainment and recreation services. Countries with economies centered around the service sector are considered more advanced than industrial or agricultural economies. In the 1970s, manufacturing accounted for 25% of UK's economy, with 7.1mn employees, which fell to 10% and 2.7mn employees in 2016. The level of industrial production in Britain is now at the lowest level since 1991. Whereas, companies in the UK's services sector, enjoyed the fastest growth in activity in 2016, as they continued to recover from a short, sharp downturn following the Brexit vote, suggesting businesses and consumers have shrugged off the referendum result. Employment growth picked up to the fastest pace since April as new business continued to rise, helped in part by overseas demand, as the pound declined in value.

- **Rising investments on research and development:** The UK is reputed across the globe for its stellar research and innovation systems that have evolved over many years, and delivered enormous success and benefit to the UK economy. According to a document published by official sources, for every £1 invested by the Government in research and development, private sector productivity rises by 20 pence annually, in perpetuity. UK's share of highly cited articles is second only to the US, and it ranks 10th in the Global Competitiveness Index in 2015/2016 overall. On the level of university-industry collaboration in research and development (R&D), the UK is ranked 4th on this index, and is 2nd in the world for the quality of its scientific institutions. The UK government announced that it would protect science and research resource funding at £4.7bn per annum, in real terms, commit £1.5bn to a new Global Challenges Research Fund between 2016 and 2021, and provide a record £6.9bn capital investment in new equipment, new laboratories and new research institutes across the UK during 2015-21[10]. By 2020, government spending on R&D will grow to an additional £2bn over and above existing spending; an increase of about a fifth, which is the largest increase in R&D investment in any Parliament since 1979.

  In the small-and-medium-business segment, the Small Business Research Initiative (SBRI) generates new business opportunities for companies, provides SMEs a route to market for their ideas and bridges the seed funding gap experienced by many early stage companies. It supports economic growth and enables the development of innovative products and services through the public procurement of research and development (R&D).

- **Diversified basket of exports relies on traditional manufacturing strengths:** The United Kingdom is the 9th largest export economy in the world, shipping around USD 500bn, and the 11th most complex economy according to the Economic Complexity Index (ECI). It primarily exports automotive, aircraft parts, electricals, pharmaceuticals, hydrocarbons, metals and precious metals, with cars, gold, petroleum and medicaments forming the top 4. The reliance on more than one sector for its exports ensures that the vagaries of the macroeconomy do not have much of an impact on its overall GDP. Investments in R&D, improving processes and diversification of industries have led to world class products being developed in various spheres, in a cost-efficient manner.

[10] *Case for the creation of UK Research and Innovation, Gov.UK*

Despite the national and cultural differences between Kuwait and UK, Kuwait can benefit from UK's economic growth story. Examples include well-developed and regulated capital markets system, with a mature bond and commodities market, collaboration between public sector, academic, and private sector stakeholders (e.g., Private Finance Initiative); and strategic support for SMEs (e.g., SBRI). In the following sections, we will delve into areas where Kuwait can establish strategic collaborations with UK to strengthen the Kuwaiti economy.

Cooperating with UK to Strengthen Kuwait's Economy & Trade Relations

The UK economic growth story teaches the need to widen the base of economic growth, in order to survive and even thrive during most circumstances. UK has invested well in research and human capital, and pursued layered strategies for developing advanced export potential for its domestic industries. Kuwait can not only learn from the experiences of UK, but can collaborate with the latter to widen and strengthen its economic base.

The British Council are leading on the education sub-group of the Kuwait-UK Joint Steering Group (JSG). The JSG is aimed at broadening and deepening a closer working relationship between the UK and Kuwait, and was set up in 2013. Through these government-level meetings, the potential for joint collaboration between the UK and Kuwait on research and scientific development has been discussed. More collaboration is expected in the fields of energy, trade, migration, security, defense, healthcare, education and culture.

Some recent examples of collaboration include, an agreement signed between the Kuwait Foundation for Advancement in Sciences (KFAS) and the Oxford Institute of Energy Studies (OIES) to focus on in-depth research by OIES staff and an associate network of researchers in Kuwait, so that the research findings of the program are accessible to as wide a public as possible; to offer capacity-building opportunities for research in cooperation between OIES and Kuwaiti institutions, as well as via opportunities for visiting Kuwaiti academics, and internship opportunities for Kuwaiti students. The Kuwait Institute for Scientific Research (KISR) also has a partnership department to encourage high-level scientific collaborations. The Nation Technology Enterprise Company (NTEC), a subsidiary of the Kuwait Investment Authority has invested in UK/EU startups.

Some of the areas in which Kuwait and UK can actively collaborate are described below

- **Public-Private Partnerships**: The UK was the first country in the world to develop the concept of public private partnerships (PPP) for public services projects. With such long experience of PPP, the UK has unique expertise in developing PPP projects and continues to evolve the PPP model to optimize value for money. Countries around the world work with UK organizations to develop their own models of PPP and deliver outstanding facilities and services. For instance, Canada, Ireland, Portugal, Australia, Japan and Sweden are all countries developing their own PPP models using UK expertise. The UK is also the acknowledged world-leader in healthcare PPPs, the expertise for which could be harnessed by Kuwait, to provide outstanding healthcare facilities to its own populace and the wider region, which lags behind the rest of the world in this sphere.

- **Focus on Science, Technology, Engineering and Medicine (STEM) to improve economic prospects**: Science and innovation are at the heart of the UK government strategy for promoting prosperity and growth. Research and knowledge is increasingly developed and transferred through international collaboration. The Foreign & Commonwealth Office and the Department for Business, Innovation and Skills jointly fund the UK Science and Innovation Network (SIN), to promote international collaboration on Science and Innovation, and is based in 30 countries around the world. SIN Kuwait focuses on emerging health issues and global challenges on water and food security, as well as through building their capacity to deliver evidence-based policies. With a current spend of 0.3% of GDP, Kuwait has potentially large sums to invest in R&D via its foreign investment funds, and develop a collaborative relationship with the UK in the STEM fields.

- **Healthcare for Kuwaiti citizens –** London has been a major destination for Gulf patients looking to get treatment for rare diseases. Private hospital chains in London have signs in Arabic and English, prayer rooms and arrange transport to local mosques. Patients, especially from the UAE, Kuwait, Qatar, Saudi Arabia and Bahrain, have driven almost 23 per cent of revenues. Much of it is paid for by the respective governments. Over 1,200 Kuwaitis travel to the UK seeking private healthcare. Major treatments include detection and treatment of diabetes and heart diseases.

Kuwait has been actively trying to increasing its number of hospital beds. In the most recent Kuwait Development Plan (KDP), the Ministry of health plans to spend USD 1 Bn towards constructing eight hospitals and related expansions while the Ministry of Public Works plans to build nine additional hospitals. On completion, the additional hospitals is expected to increase the number of available public hospital beds by 3,334 taking the total public hospital beds to 10,360. Kuwait should look at tapping into the longstanding relationship with the UK in the healthcare sector. Currently the range of co-operation includes exchanges of clinical information and best practice to partnerships between and Kuwaiti and British healthcare institutions such as Great Ormond Street Hospital. Kuwait could take this further up by engaging the UK in areas such as facilities management, digital infrastructure, primary healthcare, healthcare management systems, administration of hospitals etc., The National Health Service (NHS) is renowned globally for its efficiency in delivering health services to its citizens through its universal healthcare program. Kuwait could look at tying up with the NHS in order to improve the delivery of its own healthcare system as it is currently undertaking reforms to segregate foreigners and nationals. NHS could act as a consultant for this project and could help Kuwait develop policies that would best suit the needs of both these populations.

5

UK's Key Sectors

London's status as the leading global financial centre

Financial services make up 8% of Britain's GDP. With its associated law, consulting, and accounting firms, it employs as many as 2 million, or 1 in 7 UK jobs. The nation is the biggest exporter of financial services globally. By some rankings, London is the world's No. 1 financial sector capital, ahead of New York, Hong Kong, and Singapore. Other emerging financial centres of the world such as Hong Kong and Shanghai gain ground, but face an uphill challenge to displace London, as the world's premier financial city in the near future. A predictable legal system, strong libel laws and robust dispute redressal system attract foreign business. Along with this, the city enjoys a strong advantage owing to a well-developed commercial culture. Global businesses leverage the city's strong networking base and financiers.

Financial Services

The financial sector earned about USD 248Bn(GBP 200Bn) (11% of GDP) in total revenues (turnover) in 2015, half of which relates to domestic activities, while the other half includes international and wholesale business related with the EU and other foreign markets.

Wholesale Banking: Wholesale banking consists of the provision of banking services to large customers (pension funds, large corporates, asset managers and other institutional customers) with specific needs in terms of cash management, access to capital markets, large trade transactions and foreign exchange exposures. The size of wholesale banking is estimated at USD 4.9 Tn (Assets) as of 2015[11], and accounts for nearly half of its total assets, due to the prominent role of London as a global financial centre**.** Large corporates and investors also turn to wholesale banks to manage their cash, and hedge foreign exchange and interest rate risks: about 75% of the EU foreign exchange and interest rates derivatives trading takes place in the UK. As a consequence, over 35% of the wholesale financial activities of the EU takes place in London.

Retail Banking: Traditional retail and business banking accounts for about 55% of banking revenues in the UK estimated to be in the range of USD 81Bn–94Bn. Retail activities are mostly contained within the UK, and has only a marginal share in cross-border businesses.

Private Banking: The size of the business remains small compared to retail and wholesale banking activities: revenues from private banking and wealth management amount to USD 7-8.4 Bn in the UK, about 5% of total banking revenues.

[11] *http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/587384/IPOL_BRI(2016)587384_EN.pdf – December 2016*

Table: UK's Financial Services Revenues (USD Bn)

Total	Banking	Asset Management	Insurance and Reinsurance	Infrastructure and Others
235-254	133-145	25-29	48-52	27-32

Source: European Parliament

Asset Management: The UK has a very strong position in asset management worldwide, and within the EU. The City of London is the second largest global centre for hedge funds after New-York City, and the UK is also the largest centre for asset management in Europe with a market share of 37% of assets under management. In terms of direct employment, the EFAMA (European Fund and Asset Management Institution) estimates that 90,000 people work for the asset management industry across the EU, among which 31,800 are based in the UK.

Kuwait could draw some inspiration from the UK, on developing its financial infrastructure and allied industries. The gulf state currently has a sound banking system that is well-capitalised and plays a huge role in government bond issues. However their financing to SMEs still remains below optimum levels: SME loans in Kuwait currently stands at 7% of total loans compared to 13% and 26% in developed nations and developing nations respectively. A majority of the banks lack a consistent set of criteria to guide the underwriting process. There is no national credit bureau, producing credit scores, to aid the process. Most banks are unable to provide credit based on future revenue rather than collateral. Kuwait could tap the UK's vast expertise in this regard.

Kuwait's stock market lags its peers in the GCC region in terms of trade volume and liquidity. Kuwait stock market have suffered from lack of investor interest in the past few years. The stock turnover in the Kuwait stock market has fallen to 10%. The UK's FTSE, on the other hand, remains as one of the most liquid and liberal markets in the world. European companies take advantage of the deepness of the UK capital markets to reach out to investors. As a result, 46% of the EU equity is raised in London. Much of the credit goes towards the UK's transparent law and robust investor protection framework. Investors are very confident about the output of the legal system should they run into legal disputes. Laying the foundation for robust investor protection and transparent governance should be the priority for Kuwait. Alternatively, Kuwait could also tie-up with FTSE to open a stock exchange in Kuwait similar to what NASDAQ has done in Dubai.

Kuwait's financial industry lags behind in other areas: there is no credit rating system for retail and corporates, provision of stock market data and related information is still scarce, lack of real-time delivery vs payment system (DVP) which holds back the development of the stock market in the country. Developing these services could be an ideal area for job creation. Oliver Wyman estimates that those services account for up to USD 28Bn in annual revenues in the UK, and about 90,000 employees.

Sales and Trade

Online retail: Ecommerce in the United Kingdom was worth USD 186 Bn in 2016. This corresponds to a 16% growth of the industry compared to 2015, when consumers spent 132 billion euros online with UK retailers. The strong growth of ecommerce in the UK was fuelled by the continued growth of m-commerce. Smartphones have become the most popular mobile device to shop online with: in December 2015, its share of mobile device sales was 39%, while it accounted for 54 % of mobile device sales in December 2016. This increase in mobile sales indicates that mobile is fast becoming the No. 1 online sales channel for UK retailers and the growth in sales has been attributed to the increased adoption of smartphones with bigger screens.

Conventional Retail: The retail industry is vital to the UK economy; in 2016 alone it generated USD 501 Bn worth of retail sales. It is the largest private sector employer with approximately 290,315 brick-and-mortar retail outlets in the UK. The UK retail sector covers all businesses that sell goods to the public, from large chains and department stores through to independents and virtual stores. Retailers often sit at the heart of communities, and the sector employs over 10% of the UK workforce, making it Britain's largest private sector employer. It consistently accounts for more than 5% of the value generated by the UK economy each year, and is estimated to contribute around USD 24.5 bn in taxes to the UK, nearly 30% of all tax revenues.

UK luxury brands are highly sought after internationally, and their designers carry significant PR weight on the global stage – whether the goods are cars, jewellery or clothing – and these add significantly to Britain's 'soft' power. The UK has been focusing on GCC markets where they see high appetite for luxury products.

Kuwait is a major destination for retailers. In 2016, Kuwait's wholesale and retail sales was worth USD 6.3Bn, or 5.4% of the GDP. Kuwait along with other GCC countries has decided to implement VAT (Value Added Tax) from 2018. Retail sector is expected to be most affected by the introduction of VAT. Consumers expected to have lot questions, and the retailers are expected to maintain completed audit-trail of the same and these are expected to throw up new issues. Given the UK's reputation of running an efficient VAT regime, Kuwait could look at tapping into UK's expertise in drafting laws and dispute redressal mechanism. Implementing VAT across the region can be reasonably expected to bring out legal disputes once the VAT regime is implemented. Cross-border sales (within and outside GCC), sales to tourists, VAT refunds are some of the areas that are highly prone to disputes. The UK has considerable expertise in this areas owing to its long history of dealing with the European Union.

Travel & Tourism

The direct contribution of Travel & Tourism to GDP in 2015 was USD 96 Bn (3.7% of GDP). This is forecast to rise by 3.8% to USD 99 Bn in 2016, and primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). However, it also includes, the activities of the restaurant and leisure industries. The direct contribution of Travel & Tourism to GDP is expected to grow by 3.2% pa to USD 134 Bn (3.7% of GDP) by 2026. Travel & Tourism generated 1.79 million jobs directly in 2015 (5.3% of total employment) and this is estimated to have grown by 2.3% in 2016 to 1.83 million (5.4% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2025, Travel & Tourism will account for 2,142,000 jobs directly, an increase of 1.6% pa over the next ten years.

Food and beverage chains continue to enter the Kuwaiti market, with both retailers and restaurant brands keen to cash in on the ongoing consumer boom. Multinational food chains see huge potential in the Kuwaiti market as sales have flat lined in developed markets. Kuwait's enthusiastic entrepreneurs have also started an initiative to make Kuwait the "Food capital of the world by

2030"[12]. There needs to be a lot of ground work that needs to be done before they can achieve that. UK's expertise in the tourism, travel and hospitality space could come in handy. Kuwait has very little manufacturing strengths and investment in developing one could take years before they start to pay-off. Till then, improving the service sector should be a major priority of the government. Hospitality and related sectors would serve as a great source of employment generation. Currently most of the workforce is absorbed by the government, and encouraging the service sector would help in reducing some of the salary burden for the government.

[12] Zawya

6 Conclusion

Kuwait has made many improvements over the last two years to improve the country's overall investment climate and international appeal. In 2013, Kuwait came up with a Foreign Direct Investment law that aimed at easing the constraints on doing business in the country. The new law offers foreign investors with several incentives including the ability to own or increase ownership in a Kuwaiti company to 100% (restricted to 49%), to operate through a 100% foreign owned branch, and to benefit from income tax and customs duty exemptions. Other elements of the new law include the creation of the Kuwait Direct Investment Promotion Authority (KDIPA) that will function as a "one-stop shop" for the review of applications and approval of licenses and incentives.

The UK is currently in the process of exiting from the European Union, and is looking to negotiate Free Trade Agreements (FTAs) with individual countries. Kuwait, either in their individual capacity or as part of the GCC union, should look forward to play a bigger role in structuring such agreements. It would be a win-win proposition for both the countries.

Kuwait should focus on upgrading itself to an emerging market status from its frontier market status. Emerging market status would initially attract passive index funds, which would provide much needed initial momentum for stock-market volumes. Growth in the financial market would help in developing ancillary sectors such as investment banking, underwriting, auditing, taxation and accounting services which would go well with the Kuwait's long term objective of diversification. Kuwait could also look at introducing tax on these services in the future which would serve as an additional source of revenue. For instance, financial companies in the U.K. paid USD 91Bn in tax in the year 2015/16, 7.4% more than a year earlier.

Other major lesson that could be learned include the promotion of SMEs in Kuwait, which employs 23% of the workforce. Building a vibrant ecosystem for SME development is seen as critical to promoting long-term economic diversification in Kuwait. In the next 20 years or so, the private sector is expected to play a leading role in creating jobs for the next generation of Kuwaitis. To achieve this goal improving the credit availability is mandatory, the UKs banking system is a great example of how minimal regulations and unbiased law has helped the development of SMEs in the country.

Appendix

1. List of Prominent UK Companies in Kuwait

- Shell
- BP
- PWC
- Harvey Nichols
- Boots
- Amec
- Atkins
- Coffee Republic
- Mulberry
- Grant Thornton
- Dundee University
- Pitman Training
- Waitrose

Statistical Appendix

UK Economic Snapshot

UK	2012	2013	2014	2015	2016f	2017f	2018f
Real GDP (%)	1.3	1.9	3.1	2.2	1.8	1.1	1.7
Nominal GDP (USD bn)	2,655.5	2,721.5	3,002.4	2,858.5	2,649.9	2,609.9	2,709.2
General Government Balance (as % of GDP)	–7.7	–5.7	–5.6	–4.2	–3.3	–2.7	–2.2
Current Account Balance (as % of GDP)	–3.7	–4.4	–4.7	–5.4	–5.9	–4.3	–3.9
Investments (as % of GDP)	16.0	16.4	17.3	17.2	17.3	16.9	16.9
General Government Debt (as % of GDP)	76.2	77.6	79.5	80.4	80.5	80.3	80.0
Inflation, Avg. consumer prices	2.8	2.6	1.5	0.1	0.7	2.5	2.6
Population (in million)	63.7	64.1	64.6	65.1	65.6	66.0	66.5
Per Capita Income (USD)	37,590	38,730	39,490	40,550			
Lending rate (% p.a.)	7.06	5.74	4.93	4.45			
Deposit rate (% p.a.)	2.16	1.5	1.41	1.17			
Real deposit rate (% p.a.)	–0.64	1.1	0.09	1.07			

Source: IIF, IMF, World Bank

Kuwait Economic Snapshot

Kuwait	2012	2013	2014	2015	2016f	2017f	2018f
Real GDP (%)	7.9	0.4	0.6	1.1	2.5	2.6	2.6
Nominal GDP (USD bn)	174.1	174.2	162.7	114.1	110.5	124.9	134.3
General Government Balance (as % of GDP)	33.3	34.3	28.1	1.7	–3.5	3.2	3.8
Current Account Balance (as % of GDP)	45.5	39.9	33.3	5.2	3.6	8.4	8.8
Investments (as % of GDP)	12.8	14.4	16.3	25.0	23.5	21.5	21.0
General Government Debt (as % of GDP)	6.8	6.5	7.5	11.2	18.3	22.4	26.6
Inflation, Avg. consumer prices	3.2	2.7	2.9	3.2	3.4	3.8	3.6
Population (in million)	3.8	3.9	4.0	4.1	4.2	4.3	4.5
Per Capita Income (USD)	45,988	44,776	40,684	27,756	26,143	28,758	30,095
Lending rate (% p.a.)	4.8	4.5	4.3	4.3	4.6		
Deposit rate (% p.a.)	2.0	2.0	2.0	2.4	2.7		
Real deposit rate (% p.a.)	–1.1	–0.6	–0.9	–0.9	–0.6		

Source: IIF, IMF

Kuwait Import by Origin, Top 15 (in 000's KD)

Countries	2011	2012	2013	2014	2015	Q1, 2016
China	1,024,735	1,007,870	1,115,569	1,266,863	1,532,589	354,561
U.S	741,657	762,775	824,445	860,397	903,931	217,943
U.A.E	442,308	554,300	730,038	817,829	895,930	195,356
Japan	458,399	598,951	631,047	638,226	650,759	167,113
Germany	457,590	488,018	562,127	597,579	537,185	160,128
Saudi Arabia	398,019	401,544	398,374	433,836	476,171	110,419
India	412,222	364,677	332,152	368,469	419,559	125,810
Italy	265,946	362,962	354,878	342,681	326,694	92,096
S. Korea	263,738	342,845	323,987	354,294	291,705	85,863
U.K	**186,600**	**235,713**	**235,682**	**232,294**	**272,790**	**61,718**
France	153,313	178,506	212,190	224,597	190,812	46,753
Turkey	115,614	109,092	130,730	150,813	180,908	36,389
Australia	183,457	160,049	162,276	185,898	176,703	41,181
Switzerland	109,952	127,169	166,200	172,764	173,965	35,094
Vietnam	19,179	53,189	67,500	113,663	164,886	41,420
Total	6,938,065	7,631,699	8,308,846	8,829,318	9,600,112	2,304,220

Source: CSB

Kuwait Exports by Destination, Top 15 (in 000's KD)

Country	2011	2012	2013	2014	2015	Q1, 2016
KSA	189,984	197,418	197,228	208,344	256,277	58,982
U.A.E	189,331	204,834	236,750	217,369	246,033	44,986
China	228,982	234,962	293,407	293,984	242,839	39,092
India	176,321	182,187	202,694	247,729	235,516	36,227
Iraq	15,839	24,664	160,043	193,882	129,126	18,331
Turkey	62,939	67,673	84,214	38,373	71,609	1,803
Qatar	39,340	47,022	45,745	53,552	71,568	28,552
U.S	51,766	80,890	56,704	35,289	66,320	13,220
Pakistan	68,177	63,726	62,986	56,991	46,502	9,075
Jordan	31,458	33,559	33,892	35,018	42,329	11,432
Indonesia	35,233	94,281	52,506	51,631	37,934	11,953
Bahrain	22,894	31,616	27,239	24,959	35,467	7,702
Egypt	16,539	17,968	12,885	18,962	31,611	2,521
Free Trade Zone	1,424	8,753	4,173	11,031	31,191	5,138
Oman	22,841	52,859	36,469	30,219	26,296	10,529
Total	28,339,860	32,051,281	32,363,342	28,636,494	16,591,266	2,714,096

Source: CSB

Kuwait Exports by Broad Categories, Top 5 (in 000's KD)

Categories	2011	2012	2013	2014	2015	2016-Q1
Fuels and lubricants, primary	18,989,499	21,951,962	22,586,101	19,677,323	10,275,651	1,695,024
Motor spirit	7,887,931	8,436,103	7,927,011	7,163,709	4,508,755	655,258
Industrial supplies not elsewhere specified, processed	1,034,175	1,133,493	1,184,932	1,061,202	944,396	172,080
Passenger motor cars	54,966	118,456	133,713	154,171	196,228	35,325
Consumer goods not elsewhere specified, durable	50,192	62,671	106,545	83,668	88,958	18,468
Total	28,339,860	32,051,281	32,363,342	28,636,494	16,591,266	2,714,096

Source: CSB

Kuwait Imports by Broad Classification, Top 5 (in 000's KD)

Categories	2011	2012	2013	2014	2015	2016-Q1
Industrial supplies not elsewhere specified, processed	1,849,406	1,903,268	2,124,568	2,231,802	2,206,033	511,595
Capital goods (except transport equipment)	1,052,532	1,064,789	1,092,278	1,262,434	1,494,903	382,192
Passenger motor cars	763,352	1,052,363	1,147,810	1,098,764	1,071,569	232,810
Food and beverages mainly for household consumption	618,797	629,205	683,371	727,738	791,604	186,684
Consumer goods not elsewhere specified, non-durable	490,692	553,085	613,253	653,178	755,388	174,653
Total	6,938,065	7,631,699	8,308,846	8,829,318	9,600,112	2,304,220

Source: CSB

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About
marmore

Our vision

To be the first choice for obtaining strategic intelligence on the MENA region.

Our mission

Serving businesses and institutions with reliable information and intelligence about MENA, needed to catalyse growth, understand the larger environment and facilitate decision-making.

Our aim

Advocate intellectual research on MENA economies, businesses and financial markets and provide customized, actionable solutions.

Our foundation

- A subsidiary of Markaz: Investment bank and asset management firm with 40+ years of history
- Markaz research activities commenced in 2006
- Marmore established in 2010 to intensify the research activities
- Publishes research reports and provides consulting services

Consulting
services

Marmore provides customized consulting services based on specific requirements of our clients. Marmore's bespoke consulting services marries the challenges of cost, time, scope and data availability to generate actionable outcomes that are specific to our clients' needs.

What type of consulting services we provide?

- Industry market assessment (market size, competitors, regulations)
- White label reports (industry reports, company newsletters, periodic research)
- Databases (competitors' information, target clients insights)
- Company valuation (buy/sell side advisory)
- Due diligence / Business evaluation
- Feasibility studies (market and financial)
- Business plans
- C-Suite support to leaders with intellectual, industry related needs

How do we execute consulting engagement?

Our seven step process to execute consulting engagements:

- Step 1: Requirement and scope analysis
- Step 2: Proposal submission
- Step 3: Project initiation
- Step 4: Fieldwork / research
- Step 5: Analysis & reporting
- Step 6: Review & approval
- Step 7: Report submission / presentation

Published
research

Industry research

Marmore's industry reports provide information on industry structure, key players, market analysis, demand drivers, competitive analysis and regulatory requirements.

Economic research

These reports are produced as thematic discussions based on current issues in the economy. The reports aid key stakeholders such as investors, businessmen, market participants, and policy makers in understanding the impact of a particular theme on the economy.

Infrastructure research

Infrastructure research highlights bottlenecks in the sector and areas requiring urgent investments. Our infrastructure report analyses the link between economic development and infrastructure and showcases supply & demand challenges in the GCC and investment opportunities.

Capital market research

Capital market reports provide an analysis of stock & bond markets in the MENA region including outlook. These reports are strategic in nature and provides investment perspective to readers.

Policy research

Marmore has partnered with several leading thought leaders and institutions of repute to generate economic policy research studies in key areas like energy, labor, economic structure and public sector.

Periodic research

Our periodic reports capture GCC stock markets' earnings, risk premium studies, and economic development & outlook.

Regulatory research

Our regulatory research series is an effective consolidation, analysis and summary of key business, economic, and market regulations that impact business environment.