

Successful economic cooperation

By **MICHAEL BEAR**

LORD MAYOR OF THE CITY OF LONDON



MICHAEL BEAR studied Civil Engineering at the University of Witwatersrand in South Africa and holds an MBA from Oxford University. He has 36 years' experience in the international construction industry and has been Managing Director of Balfour Beatty Property Ltd since 1993. He is Regeneration Director at Hammerson plc, a Non-Executive Director of Arup and a Fellow of the Institution of Civil Engineers and the Royal Institution of Chartered Surveyors. Alderman Bear was elected as the 683rd Lord Mayor of the City of London on 29th September 2010.

This is a year of celebration for Kuwait. People from across the country will be marking the 50th anniversary of independence and the 20th anniversary of Kuwait's liberation after the first Gulf conflict. The progress made in the intervening period is nothing short of astonishing.

And in their different ways, these two events demonstrate the longstanding partnership between Kuwait and the United Kingdom. As outlined in the 1961 agreement, relations between our two countries continue "to be governed by a spirit of close friendship" and extend across a broad range of mutual interests.

Of course, these relations actually stretch back many centuries due to our heritage as maritime trading nations. But even as we celebrate our shared past we must look to the future to strengthen our strategic ties.

From the City's perspective, we view this relationship very much as one of sharing skills and experience to grow both financial sectors. Closer partnership will support the wider goals of economic diversification and sustainable growth.

That is why I was delighted to welcome the Kuwaiti Ambassador, His Excellency Mr Khaled Al Duwaisan

GCVO, to my home Mansion House in May. And I was equally pleased by the agreement reached earlier this year between Prime Minister David Cameron and the Kuwaiti Government to double bilateral trade and investment to £4 billion by 2015. It is fitting therefore that the first meeting of the new Kuwait-UK Taskforce took place this year – fifty years since independence – as we strive to improve business opportunities and tackle market access issues. Trade and investment are bridges that span the 3,000 miles between our two nations.

Kuwait has set out an ambitious £90 billion development plan encompassing more than 1,000 projects that cover sectors ranging from housing to healthcare, infrastructure to education. The UK is uniquely placed to be Kuwait's partner of choice when it comes to delivering these projects. The scale of developments planned across Kuwait is vast. Madinat al Hareer, the City of Silk, and Bubiyan Port in particular are ambitious projects that pose a multitude of challenges.

The City is a world leader at mobilising the capital needed for such large-scale development and our companies have experience of working on ventures across the globe. This encompasses both conventional

Western financing models and Islamic finance, with 22 banks supplying Islamic financial services – five of which are fully Sharia compliant.

In the last 15 years we have invested to an unprecedented degree in our infrastructure. A significant proportion of this investment has been funded via public-private partnerships (PPPs), which have been responsible for around 25 per cent of UK public infrastructure spending. This means the UK – and the City in particular – leads the field when it comes to planning, procuring, managing and



The Kuwaiti ambassador, Lord Mayor of London Michael Bear and Foreign Secretary William Hague at the annual Mansion House Easter Banquet

delivering projects from roads to hospitals, prisons to street lighting.

PPP can help Kuwait to lock in long-term expertise through involving the private sector in public service delivery. Our expertise when it comes to professional services is second to none – of particular interest as Kuwait takes forward its PPP programmes.

I know having visited the Gulf in February that countries across the region recognise top quality infrastructure is vital to attracting leading institutions and individuals in a competitive global market. But in many cases rapid economic growth means that infrastructure demand continues to outstrip supply. Addressing this perennial challenge is vital to ensuring Kuwait's long-term prosperity. This reality is not altered by the increasing shift of economic influence towards rapidly developing nations such as Kuwait – far from it.

I am often asked whether this shift is a threat to London's position as a leading international financial centre. The answer is no – as long as we remain open for business and work closely with key partners across the globe. London is a financial centre which is truly internationally owned, managed and staffed: it leads the world in cross border lending, plays host to nearly 300 foreign owned banks, and is a second home to people from all corners of the world. But we are far from complacent and recognise the need to strengthen our ties with countries across the Gulf. Indeed, our government made this a priority last year with the launch of its Gulf Initiative.

We already have excellent links with Kuwait, and are fortunate to have attracted significant investment into the UK. Around £100 billion is invested from Kuwait through the City, while a further £20bn is directly invested in the UK. In fact, Kuwaitis own around 15,000 properties in London and the UK. Half the top ten sovereign wealth funds have offices here and we are honoured that Kuwait has based its international investment operation, the Kuwaiti Investment Office, in the City.

Much of their influence is quiet, discreet, understated. But a vast number of developments including Cheapside, the City's 'high street', are financed and driven by the KIO. These investments reflect efforts across the Gulf to move away from dependence on hydrocarbon production and create broad-based economies plugged in to the whole spectrum of world trade.

This diversification creates opportunities for both sides of the trade equation. Gulf companies are international players; Gulf centres are global business hubs. We welcome Kuwaiti business and this is mirrored by the large number of British financial and professional services firms operating in Kuwait.

Our business relationship also gives individuals

scope to develop their careers across international networks – in addition to generating considerable economic benefits for both sides. Kuwaiti authorities have underlined their commitment to improving opportunities for citizens. Acquiring international experience and sharing expertise is one way of building the domestic talent pool. But education, training and qualifications are all equally crucial when it comes to nurturing the skills base needed to develop a financial services cluster.

In this light, plans for a new Kuwait University City are a significant step in the right direction. Education is integral to releasing untapped potential and ensuring a sustainable future. Closer collaboration between Kuwait and the UK in this area will help to boost the mutually beneficial exchange of talent, ideas and capital. The provision of world class education has long been central to the UK's reputation for developing and attracting the talent needed by firms operating in the global financial services industry.

Clearly the UK has had its fair share of difficulties in the economic downturn but no more than anywhere else. The City has demonstrated resilience and we are now back on the path to growth – although the road to recovery is rarely a straight line. It is my belief that when it comes to financial services and trade in general we are all stronger by working together to overcome the challenges of a fast-changing world.

The past 50 years have seen some remarkable economic achievements and by working together closely we can help secure similarly strong progress for both Kuwait and the UK.

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The City of London
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