



**The address of His Highness the Prime Minister at the first Kuwait
Economic Forum with the E.U - Brussels.
18th December 2007**

In the holy name of Allah

Dear attendance,

In the beginning, I wish to express my pleasure at speaking before you and participating in dialogue and discussion at the First Kuwait Global Forum. It also gives me pleasure to extend the best wishes of the people of Kuwait and foremost His Highness the Amir and His Highness the Crown Prince (may Allah protect them). Permit me to demonstrate the attributes Kuwait enjoys as a financial and economic centre in the region of South West Asia, and a gateway for commerce between the North and South.

The primary attribute is the Kuwaiti individual; Kuwait was founded more than three centuries ago on the shores of a commercial port, the livelihood of its people depended on commerce and pearl diving. The Kuwaiti society, since its creation, was renowned in the region for being commercially orientated and Kuwaitis were described as moneymakers. Kuwait has ample experience in commerce and moneymaking, it is a skill that has not ceased with the discovery of oil, and on the contrary, it has coincided with all the contemporary developments in the global economy. I am not overstating when I say that Kuwaitis have an inherent commercial instinct, perhaps it is this instinct that continuously impels Kuwait to surpass others in the region when adopting modern financial and economic systems and structures. It is also this instinct that earned them the spontaneity to communicate with nations, exercise openness and tolerance towards their cultures and establish respect for the laws that regulate relations. I can say with confidence, that it is the extensive expertise of the Kuwaiti individual, his values and intuitions that are the true wealth of Kuwait, he is the basis, on which we build our strategic vision, therefore, the strategy of education is prominent in our minds; since molding a human being takes priority over constructing buildings. We draw our educational strategies to meet the needs of the developmental plans in the country and we diversify the educational options to ensure the maximum benefit from future generations, investing in their inherent capabilities. Thus, we not only foster academic training but also attach great importance to the output of technological and applied education as well as the output of training.



The second attribute is the territory of Kuwait, our land lies north of the Gulf, at its pinnacle. This location earned it a strategic dimension on all levels, as it is considered the nearest point to the coast of the Mediterranean and is surrounded by three large entities. Kuwait was the key exporter during the previous three centuries to provide neighbouring areas with goods and basic commodities. Perhaps this location attracted some countries at the onset of the last century to build a railway linking Europe to the Gulf starting from Berlin and ending in Kuwait. We in Kuwait realize the importance of our location and its strategic value; hence, we are seriously contemplating the revival of the old commercial route, which began from the Gulf along the Euphrates River, proceeding to Dura market near Abu Kamal in Syria. Caravans would then transport goods across the Levant desert to Tadmur or elsewhere, and from then on to Mediterranean ports. We are considering the construction of a large city in Al-Subbiah, North of Kuwait to become the financial and commercial hub that serves the neighbouring vicinity, extending from the coasts of the Caspian Sea and the Mediterranean. The plans have been set out and the first phase of implementation has commenced; it is amongst the largest projects in which investments could reach over two billion Dinars. We are also constructing a bridge over thirty-five kilometers in length, linking Kuwait City to the new city. On the opposite side of the new city, a new port will be constructed on Bubyah Island to receive freights from central Asian countries, Russia and Europe then re-exported to the Southern hemisphere. We are seriously considering the prospect of linking the port to a railway named "Traceca" which connects central Asian countries to one another, then links them to Europe giving central Asian, and East European countries a shortcut to the Southern hemisphere. We are also seriously probing the construction of a corridor linking Kuwait to one of the ports in Gaza, Lebanon or Syria, thus connecting the Arabian Gulf to the Mediterranean. It is a land corridor that revives the old commercial route parallel to the Suez Canal, and which incorporates railways, highways for trucks, oil pipelines for oil transportation and regular airfreight services between both ports. We hope this corridor will extend to Jabal Ali port in Dubai and Salala in Oman. The new city, which we named "silk City", Bubyah port and the Kuwait corridor that extends from the Mediterranean and is, linked to Traceca railway project, represent our alternative future to oil, at the same time steering us to wider horizons in the fields of investment and giving fresh hope for cooperation between us and other nations. We have actually initiated the designs for the new city and began to prepare the required studies for starting the project. The first phases of implementing Bubyah port project have commenced, simultaneously, we had prepared studies a year ago related to the linking of Kuwait to a network of railways with its neighbours.

The third attribute is our political stability; we are a peaceful nation that chose dialogue, deliberations and understanding as a means of agreement and decision-making. Our fore fathers followed their political democratic traditions without a



written agreement but we on the other hand, were keen from the outset, as we were building a modern state, to have our fore fathers' traditions written in a constitutional document respected by the Kuwaiti people. The document ensured for Kuwaitis, a unique democratic system in the Arab region, governed by constitutional institutes and not individuals. It also guaranteed a separation of powers giving parliament broad supervisory jurisdiction on government action. The Kuwaiti legal system was guaranteed independence in a manner that would give great relief to businessmen and foreign investors. Kuwait enjoys an independent audit bureau, which practices its duty with protection that is only provided to the legal system. We also enjoy freedom of press; it competes with that of the west's in expression, newspaper publications and T.V stations. In addition to all this, we have a civil society that annually produces a number of active institutes on the social, political, cultural and economic arenas. These institutes exercise an effective role in generating thought and opinion. Our conviction is that this democratic climate provides Kuwait with a stable legislative environment governed by institutes, not individuals, and this is a necessity for the foreign investor to protect his investments from sudden changes or whims. Since assuming office, I have been devoted to the qualities of wise leadership, having made a number of visits to the audit bureau calling for it to extend its role to firmly control government spending and supervise the transparency and integrity of its actions.

We have also signed an agreement with the World Bank to review and examine Kuwaiti legislations and have information on the extent of their transparency assurances, to assist us in establishing a government body that resists every type of corruption in accordance with the United Nations agreement on combating corruption. We supported the establishment of a private organization to combat corruption, and I am pleased to say that Kuwait has surpassed many countries by enacting a law to protect public funds since the early nineties. It is a law dedicated to the principle of transparency and combating corruption. On the list of priorities for the current legislative term in parliament are many legislations aimed at liberalizing the economy from the dominance of the public sector, encouraging the foreign investor, facilitating taxes, promoting transparency and other draft laws.

The political stability in Kuwait, its distinguished democratic climate and its legislative environment that is accountable to the constitutional institutes are unique features to Kuwait in that part of the world.

The fourth attribute is our natural and financial wealth. Kuwait possesses huge proven oil reserves, not to mention that it possesses great oil stocks that may be developed to increase proven reserves and extend the life of production. Most scenarios indicate that Kuwait will continue to produce oil when the reserves of many oil-producing countries run out. Although we expect the demand for oil will increase in the coming decades, and supply might not meet market needs, we anticipate that there is a civilized responsibility on the shoulders of oil producing countries to provide for the largest demand for oil; we decided to raise



production capacity two fold to confront the increase in demand in the future. We also seek to develop our ports to intensify export operations. You are aware that the idea of a land corridor linking the Gulf to the Mediterranean includes an oil pipeline to transport Kuwaiti and Iraqi oil to Europe. Gulf oil is almost confined to a lake with a single outlet that is the Strait of Hormuz; this could jeopardize oil export operations by closing the strait in the event of an emergency. Searching for export points away from the Gulf is our concern because we believe that oil or otherwise is a basic life commodity that must not be used as a weapon in political disputes and wars.

Proven oil reserves will maintain Kuwait's financial wealth as foreseen by the global financial institutes until the middle of this century; it is a wealth that provides financial surplus, which we think, should be directed to form the Kuwaiti individual and modernize the infrastructure and logistic services that Kuwait requires as a financial and economic centre. To achieve this, we have cooperated with the government of Singapore to implement a plan for the completion of the electronic government. We established this government body to follow up the mega project that we hope would be accomplished by the end of 2008, and we are proud to be the first to introduce the latest communications technology as part of developing the infrastructure. We are currently implementing the first phase of the installation of fibre optics cables as well as fibre to home in 30 areas of Kuwait with the intention to link all areas benefiting from the cutting edge solutions of the NGN. We hope to present bandwidth with a capacity of 70 megabytes for all subscribers at the onset of the New Year, thus Kuwait will become among the first countries to utilize this technology that covers all its territory. We have also completed the preliminary designs to build an underground and tram transport network, which we are preparing to implement in the next few months. Nevertheless, Kuwait enjoys a modern and sophisticated high way net work inter connecting the whole of Kuwait, it also has three current ports that are undergoing development in partnership with a global operator. We are proud of the experience that our financial institutes, which emerged from investment companies have gained from banking, insurance companies, financial bodies, stock exchange markets and the advanced banking and insurance services they provide. They are advanced in comparison with their counterparts in the region.

Since Gulf countries do not have diverse economies and depend principally on the production and export of oil, they are open economies, which mostly trade with developed countries. However, Kuwait began in the late sixties, to diversify its sources of income. In addition to oil production, it raises its financial surpluses and invests them abroad. Investment revenues before the Iraqi invasion of Kuwait reached levels comparable to oil revenues. Thus, we followed a policy that we are proud of, which is depositing these revenues and excluding them from annual state revenues.



These investments are a financial backup, on which we depend, for many of our plans and perspectives; we have never used them as a means of pressure and never will.

While European markets are discussing the trend of sovereign funds investment and are wary of them, Kuwaiti investments have long applied this trend and have built a good reputation in global markets, which awarded them international confidence. Kuwaiti investments responded in many cases to the requisition of countries that have invested in them, indicative of this is that Kuwait was obliged to sell a large share of its stocks in British Petroleum Company to an extent that satisfied the conservative government then. We confirm that our investments contributed in many instances, to the revival of the markets and redeemed a number of respected institutes.

Kuwait established early on the Kuwait Fund for Development as a responsible step towards alleviating poverty and contributed over a decade to supporting development projects in many places around the world; Africa, Asia, South America and Europe. The fund continues to play a vital role.

Dear attendance,

These attributes qualify Kuwait to become a financial and trade hub, and a gateway to international trade in South West Asia. I hope that I have outlined our vision to complete the construction of our modern state and introduced all its contemporary requirements. I also hope that I have depicted the image of Kuwait linking its past and present with its promising future.

Thank you for your undivided attention.