REPORT ON BILATERAL TRADE & FOREIGN DIRECT INVESTMENT FOR KUWAIT AND TURKEY

LEVERAGING ECONOMIC RELATIONS TO PROMOTE FURTHER GROWTH

JULY, 2021

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1. FOREWORDS

NAİL OLPAK

President of DEİK

There is a Kuwaiti proverb that goes, ''movement has good fortune in it and good luck needs a jump.''. As Turkish and Kuwaiti business representatives, we are aware of how movement and being active is important for our life and bilateral relations.

Friendly relations between Turkey and Kuwait developed based on mutual respect and sincere ties for many years. We know that, Kuwait is Turkey's gateway into the Gulf, while Turkey is a route into Europe and central Asia. Good news that, our relation has gained impetus in recent years through high-level visits and numerous agreements signed during those visits.

Unfortunately, I believe as business people, our economic relations are not responding to the current trade volume. Here main part of the responsibility seems to belong to the business community. Also, our Presidents, Ministers, Ambassadors, General Councils and Commercial Counsellors are together with us to help. As business people, I believe we should increase the movement and jump for our economic relations, as the proverb says.

DEİK, is a business platform that has been continuing its activities for 36 years. In order to enhance investment and trade, between Turkey and the other countries, we continue our works with an understanding of ''business diplomacy''. We have 146 country to country based business councils all over the world and our Turkey-Kuwait Business Council is one of them.

Turkey-Kuwait Business Council was founded in 2006, carrying on its activities and today is acting under the leadership of Ms. Ebru Özdemir to boost the trade volume between the two countries and to identify and develop business and investment opportunities in Turkey and Kuwait.

I would like to thank our Turkey-Kuwait Business Council, its members who contributed to the preparation of the report. We also would like to thank Al Aiban, Al Osaimi & Partners (EY Kuwait) for their support on tax matters. I hope that the index will be a guide to the Turkish private sector.

EBRU ÖZDEMİR

Chair, DEİK/Turkey-Kuwait Business Council

As we all know, economic relations cannot be separated from political relations; this is more so in Turkey and Kuwait relations. In the past 50 years since Turkey and Kuwait established diplomatic relations, our bilateral relations on the whole enjoyed a steady development. The past 15 years in particular have witnessed active and fruitful interactions between two countries thanks to the strong dialogue between Turkish President H.E. Recep Tayyip Erdoğan and the late Sheikh of Kuwait Sheikh al-Sabah.

And today, bilateral trade relations between our countries are at a major crossroad with both countries are looking forward to advance cooperation under the leadership and guidance of Sheikh of Kuwait H.H. Nawaf Al-Ahmad Al-Jaber Al-Sabah and Turkish President H.E. Recep Tayyip Erdoğan. It is encouraging to see that the leaders of two countries view this relationship in a long and strategic perspective, and attach increasing importance to the development of our mutually beneficial cooperative relations.

In view of the potentiality of our two economies, as DEİK's Turkey-Kuwait Business Council we believe more efforts are needed to be spent to increase and boost bilateral economic cooperation, especially in the post-pandemic period. While already accomplished investments show the potential in different areas, namely in trade, manufacturing, healthcare, finance, FinTech, logistics and tourism, Kuwait's Vision 2035 that aims to transform the country into a financial and commercial centre holds important opportunities for the Turkish business world.

To that end, as DEİK's Turkey-Kuwait Business Council, we continue our activities in line with these goals since 2006, the year the Business Council was established. This Report is a product of this engagement and aims to provide business circles on both sides, investors and decision makers a practical guide to take forward their business plans to new horizons. While this Report encompasses a general picture of Turkey-Kuwait bilateral economic cooperation and latest developments in the relations, it also highlights key sectors and potential areas of investment for both countries. Accompanied with practical information for future investors and a brief about the economy as a whole and agencies involved in advancing FDI in both the countries, the Report aims to draw the way forward for Turkey and Kuwait in the economic sphere.

Last but not the least; this Report was made possible thanks to the support and advice of many individuals and organizations. As the Chair of DEİK's Turkey-Kuwait Business Council, I would like to thank everyone who contributed to this to this initiative. I sincerely hope this Report will be of value for leveraging economic relations to promote further growth for Turkey and Kuwait.

H.E. AYŞE HİLAL SAYAN KOYTAK

Ambassador of the Republic of Turkey to the State of Kuwait

Turkey and Kuwait enjoy multifaceted relations, based on common cultural and historical ties. Our bilateral economic relations have many dimensions including but not limited to trade, investment, tourism, healthcare, education and defense industry.

It is a matter of satisfaction that the bilateral relations between Turkey and Kuwait have reached an exemplary level under the leadership of H.E. President Recep Tayyip Erdoğan and H.H. Emir Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah.

Trade figures have been on the rise, and not disrupted by the global pandemic. Turkish products increasingly appear in Kuwaiti market. Mutual investments continue with a promising trend. Turkish construction and engineering companies have undertaken many projects in infrastructure, road and bridges, hospitals and airports in Kuwait. Kuwaiti companies are investing in Turkey too, particularly in the fields of hospitality, real estate, finance and industrial sectors.

Tourism have been a remarkable field in our relations for the last 10 years. Kuwait is the country that sends most tourists to Turkey, as per the ratio of the tourist number to its population. Our Kuwaiti friends not only visit Turkey as a touristic destination, but also buy real estate to spend their long-term vacations.

Furthermore, a big potential is yet to be utilized in the fields of healthcare, education and defense industry. As the Turkish Embassy in Kuwait, we are working hard to see more Kuwaiti students studying at Turkish universities, more Kuwaiti patients benefiting Turkish hospitals, and more Turkish defense products in the inventory of Kuwait.

We need to work with more enthusiasm to mobilize an enormous potential that our countries possess. Private sector will continue to be a driving force behind economic cooperation. In this process, we need to be ready to face the challenges, as well. Within this framework, I believe that this report prepared by DEİK would function as a complete guide for Turkish and Kuwaiti business people, who would like to start business between Turkey and Kuwait. You can find valuable information regarding investment climates, how to start a business, as well as rising key competitive sectors in both Turkey and Kuwait.

I would like to thank Ms. Ebru Özdemir, Chair of DEİK Turkey-Kuwait Business Council, as well as their teams for the efforts in preparing such an instructive business guide. As the Turkish Ambassador in Kuwait, I encourage business people to read and make maximum use of this precious report before conducting a business between Turkey and Kuwait.

A. BURAK DAĞLIOĞLU

President, Presidency of the Republic of Turkey Investment Office

Owing to the successful macro policies put into practice under the leadership of President Recep Tayyip Erdoğan with a relentless reform drive and political stability, the Turkish economy recorded an average growth rate of 5.1 % during the 2003-2020 period. With 1.8 % year-on-year GDP growth, Turkey is one of few major economies that avoided economic contraction and recorded overall positive growth in 2020. Such impressive economic growth made the country an industrial powerhouse in the region. Turkey ranked among the fastest growing economies, becoming the world's 11th largest economy as of 2020 in terms of purchasing power parity. Turkey is poised to attract new investors on a global scale more than ever before. The country's solid economic performance has encouraged investors to make confident projections about the future of the Turkish economy. Since 2003, total FDI inflows into Turkey exceeded 225 Bn USD, and FDI inflows of Kuwaiti companies reached 2 Bn USD as of December 2020.

Turkey has become a regional hub in terms of R&D, design, production, logistics and management for investors; owing to its reforms and incentives, as well as a strategic location, a highly skilled workforce, and a robust economic structure. With fresh reform efforts on its agenda, we are confident that Turkey will carry investments to the next level and reinforce its position as a safe haven in the region in the future. I would also like to take this opportunity to remind you that the Presidency of the Republic of Turkey Investment Office is not only the official organization in charge of promoting Turkey's investment opportunities to the global business community, but is also a top-notch resource center, featuring the most in-depth and up-to-date information regarding investments in Turkey. Our dedicated teams are more than willing to do their utmost to provide you with customized guidance on a fully confidential basis.

As the Investment Office, we have been working with our esteemed Kuwaiti investors for a very long time. We are quite familiar with their priorities and expectations. We implement various special policies to correctly introduce our country to the investors of Kuwait. In the recent years we hosted Kuwaiti delegations such as business people, politicians and journalists in Turkey and organized events for them. We're pleased with the close interest of Kuwait business people in our country and their appetite to further invest in.

Finally, I would like to extend special thanks to the DEİK for successful preparation of the "Report on Bilateral Trade & Foreign Direct Investment for The State for Kuwait and Turkey". This report aims to provide an overview of the investment landscape in Turkey and Kuwait. We would like to take this opportunity to invite Kuwaiti investors to invest in Turkey and we are ready to provide our services for facilitation of investments.

2. INTRODUCTION

Kuwait – Turkey bilateral relations have transcended into a strategic partnership of regional and global importance, having a bright future under the dynamic leadership and guidance of H.H. Sheikh Nawaf Al- Ahmad Al-Jaber Al-Sabah and President of the Republic of Turkey H.E. Recep Tayyip Erdoğan.

Since 1961 both countries have enjoyed a multifaceted relation with each other. The bilateral relations between the two countries has gained a strong momentum in last the decade through multiple high-level visits by prominent leaders of both the countries and signing of numerous agreements in areas of defense, tourism and the economy. The recent visit of President of the Republic of Turkey H.E. Recep Tayyip Erdoğan in October 2020 to Kuwait has further strengthened the economic ties between the two countries.

This report showcases the key areas of developments by both the countries in recent years and aims to provide a simple yet comprehensive guide for current and future investors of both the countries.

In our report we have highlighted the importance of various ministries, associations, trade bodies in Kuwait and Turkey who are playing a pivotal role in increasing the attractiveness of FDI. Further, we have presented the key amendments issued in recent times with regards to support provided by the government to the private industries. We hope that our publication will play an important role in disseminating information about the various opportunities and enhancing the flow of FDIs in both the countries and strengthen the economic ties further.

3. EXECUTIVE SUMMARY

- The Kuwait Direct Investment Promotion Authority (KDIPA) was established to implement Law No. 116 of 2013, the Law Regarding the Promotion of Direct Investment in the State of Kuwait (Direct Investment Law), with a view to attract, promote and encourage direct investment in the country by offering a range of incentives.

- Presidency of the Republic of Turkey Investment Office is the official organization for promoting Turkey's investment opportunities to the global business community and provides assistance to investors before, during, and after their entry into Turkey.

- Apart from its strong pool of natural resources, Kuwait offers investors a wide variety of resources in the areas of knowledge and education, connectivity, and culture, as well as significant capital resources.

- As per Ease of Doing Business Index 2020 (DB2020 Report), Kuwait has entered for the first time amongst the list of the top 10 improvers in business environment in the world, recording an increase of +4.8 in its distance to frontier (DTF) Score up from 62.6 (adjusted) in the DB2019 report to 67.4 in the DB2020 report, improving by 14 places in its ranking.

- Turkey Ranked 33rd in the World Bank's 2020 Ease of Doing Business Index, moving up from 69th place in the 2017 version of the report.

- Turkey boasts a young, urban population and a fast-growing economy and its strategic location and connectivity to numerous markets and its strong manufacturing base, make it a premier destination for investors.

- Currently, more than 300 Kuwaiti companies are operating in Turkey and the total value of investments by these companies is worth USD 1.7 Bn. On the other hand, the total amount of tenders won by Turkish companies in Kuwait has exceeded USD 8 Bn.

4. WELCOMING INVESTMENTS: KUWAIT AND TURKEY

Both Kuwait and Turkey have cultivated highly competitive and welcoming business environments for foreign businesses. The following section is intended to shed light on both nations and the value they provide as investment destinations.

4.1. KUWAIT IN A GLOBAL CONTEXT

Kuwait is an oil-rich country in the Middle East, with most of its gross domestic product (GDP) and the earnings for the Government coming from oil and oil-based products. Kuwait shares its borders with Saudi Arabia, Iraq and Iran. Its strategic location and massive oil reserves make it one of the world's richest countries in terms of per capita income.

Home to a 4.3 million population that represents a diverse diaspora of nationalities, Kuwait is a vibrant mix of Arabian hospitality, Islamic culture, and modern urban life.

The State of Kuwait is a constitutional emirate with a parliamentary system of government. Its constitution, which combines aspects of both presidential and parliamentary systems of government, was approved and put into effect in 1962. Arabic is the official language. English is widely used in commercial dealings.

Under the patronage of His Highness Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah Kuwait aims to transform into a world class financial and commercial center by developing quality infrastructure and the modernization of its healthcare systems as part of the Kuwait National Vision 2035.

Today, Kuwait is widely recognized as one of the most advanced Arab countries, with an increasing diplomatic influence worldwide. In terms of sovereign rating, Kuwait enjoys a stable credit rating of granted by the major credit rating agencies such as S&P, Moody's and Fitch which further instills international confidence in its growing economy.

4.2. WHY INVEST IN KUWAIT?

Substantial government resources

Kuwait is a founding member of the Gulf Cooperation Council and the Organization of Petroleum Exporting Countries. It has the 6th largest oil reserves globally, estimated at around 101.5 Bn barrels. Kuwait's economy benefited from record budget surplus over the past several years which is expected to help it tide over the present low oil prices scenario.

The Kuwait Investment Authority, Kuwait's sovereign wealth fund, manages assets currently estimated more than USD 592 Bn. The Government's strong financial position gives it the ability to underwrite large scale projects and drive development efforts in the country despite lower oil prices.

Significant infrastructure development
Kuwait is promoting unprecedented levels of infrastructure development activity aimed at realizing its long-term vision of diversifying the economy and transforming Kuwait into one of the leading hubs for financial trade and logistics in the Middle East.

Private sector involvement
Increasing the involvement of the private sector is a key priority for the Government under its diversification program. The Government's initiatives such as the PPP program, privatization law, establishment of the Kuwait National Fund for SMEs Development and the Kuwait Direct Investment Promotion Authority are aimed at increasing the share of private sector in GDP.

Enabling 100 foreign ownership in businesses
The Kuwait Direct Investment Promotion Authority (KDIPA) was established in 2013 under the Law for the Promotion of Direct Investment in the State of Kuwait (Law No. 116 of 2013) to drive and coordinate Kuwait's local and foreign direct investment agenda. Law No. 116 of 2013 gives an exception to the basic principle in the Commercial Code that limits foreign ownership to 49 by allowing foreigners to own up to 100 of business entities in all sectors except a specified negative list of direct investments that are excluded from the scope of this law.

Encouraging macroeconomic environment
The WEF report ranked Kuwait 2nd in terms of Gross National Savings globally, indicating its robust financial position and ability to deploy public funds for investment projects.

World Economic Forum (WEF) ranks Kuwait as the world's 3rd most attractive tax regime with benefits including no personal income tax, low corporate tax for foreign companies (15%), limited restrictions on imports and exports, unrestricted movement of funds, including repatriation, a strong and stable currency supported by an independent monetary policy.

Kuwait's macroeconomic environment is supported by a stable legal framework. The legal framework follows leading international standards and bodies of law governing business and commercial activities including intellectual property protection and environmental regulations.

Strategically located
Kuwait is located in the northern Arabian Gulf bordering three major markets of KSA, Iraq and facing Iran across the Gulf. A location which allows for an extended access to markets in various directions including Eastern Asia, Commonwealth of Independent States, Turkey, and into Eastern and Central Europe.

Kuwait has also planned a number of transport infrastructure projects such as a new port (Mubarak Al Kabir port on Bubiyan Island), a new airport terminal and a new national railway network to improve access within the country and to serve strategic markets.

Evolved Financial Services sector
Kuwait's banking system is characterized by a robust financial profile and strong regulatory support, making it one of the most stable and resilient banking markets in the Middle East and North Africa (MENA) region.

The Central Bank of Kuwait (CBK) is widely respected as one of the most proactive and sophisticated regulators in the region.

The Central Bank of Kuwait supervises a whole network of banking and financial institutions that are comprised of: 11 commercial banks, 12 Branches of non-Kuwaiti banks, 79 investment companies, 40 exchange companies, 113 investment funds and two financing companies.

The Capital Markets Authority (CMA) aims to bolster Kuwait's strength in the financial services industry by becoming a leading regulatory authority which works on developing and supervising the activities of capital markets in the State of Kuwait and creating an attractive investment environment that obtains investors' trust.

A hospitable culture
Kuwait offers a balanced mix of a moderately conservative society built upon traditional Islamic customs and practices combined with a progressive outlook and acceptance of new concepts.

The low rate of crime and respect for privacy make Kuwait a comfortable place for families. Expatriates are respected for the skills and value they bring to the country. Though Arabic is the official language, English is widely used as a business language.

Entrepreneurial nature of Kuwaiti citizens
Kuwait is home to some of the leading businesses in the region in sectors such as telecom, retail, logistics, financial services, aviation designing, animation, art etc, demonstrating the strong business acumen and commercial mindset of Kuwaiti businessmen in establishing and growing scalable businesses.

Cost competitiveness
Kuwait is cost competitive in terms of power, water, land and labor. Power tariffs are subsidized by up to 86% by the Government with tariffs as low as US 1 cent/KWh for residential users and farms and US 0.5 cent/KWh for industrial users. Potable water is subsidized and offered at nearly US 3 cents/imperial gallon.

The Government provides industrial land at a subsidized rent of approximately USD 90 cent per sq.m while commercial land is also provided by the Government at substantial discounts

Public Private Partnership – Kuwait
The Government of Kuwait has embarked on an ambitious Public Private Partnership (PPP) program which promotes collaboration between the public and private sectors to develop quality infrastructure and services for Kuwaiti citizens. The Kuwait Authority for Partnership Projects (KAPP) was established in 2014 by virtue of the PPP Law No.116 of 2014 to replace the PTB stablished in 2008 under the repealed Law No. 7 of 2008. KAPP serves as the main body responsible for PPP projects implementation. KAPP aims to utilize private sector skills and expertise to maximize

value for money and service quality. KAPP is currently in the process of initiating several high-impact projects in the power, water/wastewater, education, health, transportation, communications, real estate, and solid waste management sectors.

As per the PPP law, for projects not exceeding KD 60m , the Successful Investor shall establish the Project Company in Kuwait. However, projects exceeding KD 60m, need to be set up a public joint stock company in Kuwait, with shareholding as follows:

- Public entities - not less than 6% and up to 24%
- Successful investor - not less than 26% and up to 44%
- Subscribers to initial public offering - 50%

There are at least 10 other PPP projects at the tendering or pre-tendering stage in Kuwait in, suggesting private firms may have a role to play in KD Bn ($33.1Bn) worth of business.

Increased emphasis on transparency and anti-corruption

Kuwait Anti-Corruption Authority (NAZAHA) is a neutral, independent authority established following the enactment of Law number 2 of the year 2016 for Establishment of Anti-Corruption Authority. NAZAHA was set up in response to the requirements of the United Nations Convention against Corruption (UNCAC).

In January 2019, the Emir of Kuwait, the late Sheikh Sabah Al Ahmad Al Sabah, unveiled the country's five-year anticorruption strategy, the National Strategy to Promote Integrity and Combat Corruption ('Strategy'), at Kuwait's anti-graft conference, poising the country to spring into action against corrupt practice within government.

The Strategy, which was developed with the technical assistance of the United Nations, has been introduced to further Kuwait's efforts to align itself with international best practices of governance standards, and to meet its obligations under the UNCAC.

The Strategy addresses the role of civil society in conjunction with both the private and public sectors. The Kuwaiti authorities have adopted a sustainable development approach to anti-corruption efforts, importantly including civil society as a means of making long-term improvements, aiming at the Country's 2035 vision.

Financial stability, security and transparency are fundamental requirements to attract international investment and stimulate economic growth, whilst simultaneously creating conditions that deter rather than cultivate illicit practices. The business case for implementing fair and ethical practices has vocal proponents in both public and private sectors, and Kuwaiti authorities have taken substantive steps towards protecting their economic security by fostering this approach within their market.

In the long term, Kuwait offers an attractive destination for potential investors, and the introduction of its 5-years strategy can only assist its efforts to promote its financial appeal to the international market.

Robust and Regulated tendering process

The progressive trend by Kuwait to attract foreign investors has been sustained with the introduction of Law. No 49 of 2016 (the "New Tenders Law") which superseded Law No. 37 of 1964. The modernization of Kuwait's laws and regulations, together with increasing flexibility in welcoming foreign investors is facilitating the ease of doing business in Kuwait and has been a part of his Highness the Emir's vision to develop Kuwait into a financial and commercial hub by the year 2035.

With the establishment of the New Tenders Law, Kuwait has established an organized criterion for potential bidders to follow. Furthermore, under the New Tenders Law, a 'points system' is now used by the Central Agency for Public Tenders (CAPT) in allocating project work of a technical nature to a selected bidder based upon successful attainment against a specified 'points based' criterion.

The most notable change to the New Tenders Law is the transformation of bidding requirements for public tenders. Prior to the New Tenders Law, foreign contractors were unable to bid on public tenders without a local agent. This restriction has now been removed in order to usher in a new era of easing regulations for foreign investment. The New Tenders Law illustrates Kuwait's ambitions to expand within the international commercial market by allowing more opportunity for foreign investors while simultaneously providing a dependable market for the local population to cultivate growth potential.

Ease of Doing Business

As per Ease of Doing Business Index 2020 (DB2020 Report), Kuwait has entered for the first time amongst the list of the top 10 improvers in business environment in the world, recording an increase of +4.8 in its distance to frontier (DTF) Score up from 62.6 (adjusted) in the DB2019 report to 67.4 in the DB2020 report, improving by 14 places in its ranking.

4.3. TURKEY IN THE GLOBAL CONTEXT

Turkey, with its unique geographical location and rich and diverse history spanning many different civilizations, is the proverbial bridge between East and West. Within a four-hour flight radius, Turkey provides easy access to multiple markets of USD 25 Tn GDP, USD 7.8 Tn trade, and 1.7 Bn people.

Under the leadership of H.E Recep Tayyip Erdoğan, President of the Republic of Turkey, the Turkish economy has posted an annual average real GDP growth rate of 5.3 during the 2003-2019 period, and GDP has more than tripled to USD 761 Bn in 2019, up from USD 236 Bn in 2002. In addition, over USD 220 Bn of FDI has been attracted between the 2003-2020 period, while the total amount of FDI inflows during 1923-2002 stood at USD 15 Bn.

Turkey is currently the 13th largest economy in the world (GDP at PPP in 2019) and has ambitions to become one of the top 10 economies in the world by 2023, with its robust economic growth, sound policy framework, sizeable domestic market, and competitive labor costs.

4.4. WHY INVEST IN TURKEY?

Robust Economy

- The Turkish economy, from 2003 to 2019, has posted record growth and climbed from 18th place to 13th globally.
- Adhering to prudent fiscal discipline, Turkey has drastically diminished the public debt stock from above 70 in 2002 down to around 30 in 2018.
- A robust domestic market and an entrepreneurial private sector that combined investments and exports have driven Turkey's economic growth over the past 18 years.

Large Domestic and Regional Markets

- Turkey's performance in economic development saw its income per capita increase from USD 3,608 in 2002 to USD 9,213 in 2019.
- Turkey's economic growth has paved the way for emergence of a sizeable middle-class, with an increasing purchasing power.
- More than 23 urban centers, each with populations of over 1 million, support Turkey's thriving domestic market, through their production of goods and services. In terms of population, Istanbul is the largest city in Europe.

Strategic Location

- Turkey is a natural bridge between both the East-West and the North-South axes, thus creating an efficient and cost-effective hub to major markets.
- Turkey offers easy access to 1.7 Bn people and a combined market worth of USD 25 trillion GDP in Europe, MENA, and Central Asia within a four-hour flight radius.
- Turkey's strategic location enables easy reach to markets across 16 different time zones at the same day, from Tokyo to New York.

Favorable Demographics

- Turkey offers excellent opportunities with its growing, young, and dynamic population – the driving force behind a strong labor pool and a lucrative domestic market.
- Turkey, with an 83 million population, with half under the age of 32.4 in 2019, has the largest youth population among the EU member countries.
- Over the past decade, Turkey's age-dependency ratio has maintained its downward trend, allowing more flexibility in government expenditure on healthcare, social security, and education.

Skilled and Competitive Labor Force

- Turkey's overall labor force is around 33 million people, which makes the country the 3rd largest labor force in Europe.
- Turkey's young population is an important contributor to labor force growth and has boosted the country's rank over peer countries. Turkey has posted the largest labor force growth among the EU countries.
- Over 800,000 university graduates annually.

Continuous Reform Process

- The Turkish government has always prioritized reforms for a qualified workforce, innovative production, sustainable growth, a sustainable environment, and international cooperation for development.
- In 2002, the average number of days it took

to set up a company was 38, whereas today that has been reduced to six, in line with the reform process.

- Turkey made gradual progress in the World Bank's Global Ease of Doing Business Index, climbing from 84th place among 155 countries in 2006 to 33rd place among 190 countries as of 2020.

Liberal Investment Climate

- Turkey's investment legislation is simple and complies with international standards, while offering equal treatment for all investors.
- Foreign Direct Investment Law in effect since 2003.
- Bilateral Investment Treaties signed with 81 countries.
- Turkey has signed Double Taxation Prevention Treaties with 85 countries.

Lucrative Incentives

- One of the most competitive investment incentives regimes in emerging markets.
- Tailored and complete packages for both greenfield and brownfield projects in manufacturing, services, and R&D.
- Equal treatment of international and local investors

Advantageous R&D Ecosystem

- The Turkish government has set the target of increasing the share of R&D investments within the overall public budget to 2%.
- As of 2018, this figure had already increased above 1% – with the expectation to reach 2% over the next several years.
- A well-educated workforce and highly qualified labor force, competitive cost advantages, and several global companies that are active in the market further support extensive R&D incentives in Turkey. Taken together, these form a dynamic ecosystem in Turkey.

Availability of incentives

In addition to the above, Turkey also offers the following incentives to foreign investors:

- General Investment Incentives Scheme
- Regional Investment Incentives Scheme
- Strategic Investment Incentives Scheme
- Project-Based Investment Incentives
- Employment Incentives
- R&D and Design Incentives
- Technology Development Zones Incentives
- Incentives for Regional Management Centers & Liaison Offices
- Free Zones Incentives

Turkey has extensively used various PPP models in the recent history in health, energy and infrastructure investments. The main PPP models used in Turkey are the followings:

1- Build-Operate (BO) Model: This model is used in electrical energy production. In this model, the private sector is granted permission to build and operate thermal power plants, with their own ownership, and the state purchases the generated electricity. At the end of the contract, the plants remain under the ownership of the private sector.

2- Build-Operate-Transfer Model (BOT): In this model the private sector is given the right to build facilities on a public land. The private sector operates the facility for a certain period of time, transfers it to the public at the end of the period. This model is used in many different areas such as highway, airport, port, bridge, tunnel construction.

3- Build-Rent-Transfer model: In this model, private sector builds a facility, provides its physical equipment, operates it for the specified period, and finally transfers the facility to the public. The public makes rent payments to the private sector every year. In Turkey, this model is used in City Hospitals and Health Campuses in the health sector.

4- Transfer of Operating Rights: In this model, the operation right of an existing facility of the state is transferred to the private sector for a certain period of time. This model does not fully feature a customization method. Since the right of operation of the facility is transferred to the private sector for a certain period of time, the property remains public.The above-mentioned PPP models offer various opportunities to foreign investors to participate and invest in the local economy of Turkey.

5. KEY INVESTMENT AGENCIES

5.1. INVESTMENT AGENCIES IN KUWAIT

Kuwait Direct Investment Promotion Authority
The Kuwait Direct Investment Promotion Authority (KDIPA) was established to implement Law No. 116 of 2013, the Law Regarding the Promotion of Direct Investment in the State of Kuwait (Direct Investment Law), with a view to attract, promote and encourage direct investment in the country by offering a range of incentives.

KDIPA acts as a catalyst to all investment solutions in Kuwait, with a focus on advancing ambitious investors' goals and accelerating their growth, in line with the nation's FDI roadmap and economic development goals.

KDIPA has been established, as a specialized public authority with financial and administrative independence. H.E. Minister of Commerce & Industry is the Chairman of its Board of Directors. KDIPA is one of the economic implementing arms of the country performing developmental, promotional, regulatory, and advocacy roles.

- Developmental role by contributing to the national goal of economic diversification, job creation and quality training for nationals, and extending the positive spillover impact for the local economy.
- Promotional role by attracting and encouraging value added and innovation based direct investment into Kuwait for the purpose of enhancing technology transfer and settlement.
- Regulatory role by receiving and approving applications for investment licensing and granting incentives in accordance with the transparent criteria set in the provisions of its establishing law, and in cooperation with relevant authorities. This entails providing aftercare services and facilitation as well as continued follow-up and monitoring throughout the life of the licensed projects, starting from when the business begins operations.
- Advocacy role by collaborating with various stakeholders to streamline business environment in Kuwait, in order to enhance the country's competitiveness by identifying potential obstacles investors might face, and attempting to mitigate them, as well as disseminating available information and data in a transparent and timely manner.

During the FY 2019/2020 under the Law No. 116 of 2013, KDIPA attracted KD 116 million of new approved direct investment from 17 entities. Until March 2020, the cumulative volume of direct investments approved by KDIPA has reached a total of KD 1 Bn arising from 54 investment entities from which investments from Turkey have been valued at KD 64 million approximately.

5.2. INVESTMENT AGENCIES IN TURKEY

Presidency of the Republic of Turkey Investment Office (Invest in Turkey) is the official organization for promoting Turkey's investment opportunities to the global business community and supports investors before, during, and after their entry into Turkey. Directly reporting to the President, Invest in Turkey is in charge of encouraging investments needed for further economic development of Turkey. To this end, Invest in Turkey supports high-technology, value-added and/or employment-generating investments, by facilitating and following-up the whole process of relevant investments.

Invest in Turkey serves as a reference point for international investors and as a point of contact for all institutions engaged in promoting and attracting investments at national, regional, and local levels.

Active on a global scale Invest in Turkey operates with a network of local consultants based in 12 countries; Qatar, Germany, Italy, Japan, Singapore, South Korea, Spain, the UAE, the UK, the USA, Saudi Arabia and China. Invest in Turkey offers an extensive range of services to investors through a one-stop- shop approach, ensuring they obtain optimal results from their investments in Turkey. Invest in Turkey's team of professionals can assist investors in a variety of languages, including Arabic, Chinese, English, French, German, Italian, Japanese, and Spanish.

Invest in Turkey Services
Working on a fully confidential basis, as well as combining the private sector approach with the backing of all governmental bodies, Invest in Turkey free-of-charge services include the following:

Consulting Services

Invest in Turkey consulting services offer investors general and customized business information, such as providing updates and guidance on the latest laws and regulations with respect to FDI, establishing a business in Turkey, sector-specific and macroeconomic data, state incentives, operational costs, and taxation.

Coordination Services

One of the essential services provided by Invest in Turkey to newcomers and the existing investor community in Turkey is the coordination and maintenance of relationships with governmental bodies, local authorities, business associations, and other stakeholders, such as universities, service providers, and companies from the private sector.

Business Facilitation Services

Services offered for projects that fall under Invest in Turkey's field of responsibility involve informing investors about bureaucratic processes and procedures and/or following up the investment processes.

Site Selection Support

Invest in Turkey site selection team can take the lead on all investment related processes, including searching for available sites and conducting land studies, and providing required information about costs of acquisition, electricity connection, natural gas, water supply, and other utilities.

Tailor-made Delegation Visits

Invest in Turkey provides investors with logistical support for their visits to Turkey. Invest in Turkey's team of professionals not only organizes meetings with the business community and governmental bodies, but it also plans the whole trip for investors, allowing them to have peace of mind during their visits. Invest in Turkey helps investors find a suitable location for accommodation and provides transfers from the airport to the hotel and meeting locations.

Project Launch

Invest in Turkey offers project launch services to investors that decide to Invest in Turkey. These services include creating and distributing press releases to mark the announcement of investments, organizing groundbreaking and inauguration ceremonies, and other related PR activities for the launch of the investment.

Partnership Development Assistance

When it comes to international investments, cooperation between international and local companies may be very beneficial for both sides. Invest in Turkey assists both multinational and Turkish companies to find suitable partners for possible Joint Ventures, M&As, and projects to be run in Turkey.

Aftercare Services

Invest in Turkey does not abandon investors after their projects are completed and continues to stay in contact with them on a regular basis, to ensure every phase in the continuing life cycle of the project goes smoothly. Whenever investors in Turkey have an investment-related issue, Invest in Turkey provides a wide range of exclusive aftercare services, such as facilitation between the government and investors, expansion assistance, workshops, surveys and policy advocacy regarding the investment climate.

6. SECTOR ANALYSIS

6.1. KUWAIT SECTORAL OUTLOOK

Since 2015 Kuwait has seen a huge upsurge of FDI growth. Under the new KDIPA regime private investors are feeling much more encouraged to venture into greenfield projects. As per latest statistics KDIPA has been able to secure FDI to the tune of KD 1 Bn (USD 3.3 Bn) in various sectors as mentioned below:

CUMULATIVE FDI IN KUWAIT UNDER KDIPA REGIME TILL MARCH' 20

Sector	FDI in KD (mn)	FD in USD (mn)	% contribution
Information Technology	401.56	1,325	37.33%
Oil & Gas	263.41	869.25	24.48%
Construction	192.01	636.6	17.85%
Training	71.90	237.27	6.68%
Health	53.94	178	5.01%
Consulting Services	38.10	125.73	3.54%
Energy	36.80	121.44	3.42%
Electricity & Water	10.50	34.65	0.98%
Entertainment Services	4.35	14.36	0.40%
Market Research	1.72	5.68	0.16%
Environment	1.52	5.01	0.14%
Total	**1,705.86**	**3,553**	**100%**

Cumulative approved direct investments were 99.6 concentrated in the services sector and the remaining percentage in the industrial sector. The cumulative approved direct investments varied across different activities on top of which the Information Technology (37.3%), followed by services for the oil & gas sector (24.5%), construction (17.8%), and the remaining (20.4%) covered a variety of activities namely: training, health, consulting services, energy, electricity & water, entertainment services, market research, as well as environment as shown in the figure.

Infrastructure

Power and transport being the main focus areas of the Government's infrastructure plan provide significant opportunities for foreign and local investors. The planned upgrades to Kuwait's aviation infrastructure are expected to support Kuwait's initiatives to position itself as a commercial hub. There exists potential to provide specialized facilities management (FM) services to maintain Kuwait's airport facilities at par with global standards and benchmarks.

Kuwait had earmarked more than USD 103 Bn in the second Kuwait Development Plan (2015/16 - 2019/20) and has earmarked a similar amount for the new five year development plan for infrastructure development in sectors such as power, water, transport infrastructure (ports, aviation and rail) providing opportunities for international investors.

Environmental Services

The growth of Kuwait's environmental services sector is expected to be driven by the long-term requirement of safeguarding Kuwait's natural environment and limited land resources, the fast-growing population, the environmental needs of the thriving oil and gas sector and an emerging industrial sector. The Government is undertaking a series of projects to address the current situation of under-capacity in critical segments such as sanitation and waste management.

Implementation of stricter environmental regulations and the need to address current under-capacity situation in key segments is expected to drive the growth of environmental services sector in Kuwait.

Industrial Oil & Gas Downstream Chemicals Manufacturing

Chemicals constitute Kuwait's second largest manufacturing industry. Kuwait produces ethylene, polyethylene, urea, ethylene glycol and chemical catalysts. Kuwait's chemicals industry primarily services Asian markets such as China and India which have strong domestic demand for chemicals.

To name a few, the construction of the 615,000 b/d Al-Zour refinery project, together with the planned upgrade of the Mina Abdullah and Mina Al-Ahmadi refineries are expected to increase Kuwait's refining capacity from the current 936,000 b/d to over 1.5 Mn b/d and in turn strengthen Kuwait's petrochemical sector.

Healthcare

Kuwait recorded the third largest total healthcare expenditure across the GCC region after UAE and Qatar and demand for healthcare is expected to rise significantly in the near term. Kuwait's evolving healthcare industry is characterized by a large public sector infrastructure and a growing private sector.

Integrated housing projects and urban development sector

Kuwait has outlined plans for development of a number of large-scale integrated housing projects to address the housing needs of its growing population. These projects are expected to propel growth of the real estate sector and provide opportunities for investors to participate across the real estate value chain from development planning, construction contracting to real estate services like property and facilities management.

Kuwait has a strong pipeline of over 200 planned construction projects across sectors like real estate, infrastructure, power, water and oil and gas. This constitutes a sizeable opportunity for international construction contractors to establish presence in the country.

Construction Contracting
Kuwait Government's focus on development of infrastructure (roads, ports, airport, rail) along with large scale integrated housing projects is expected to drive a large volume of construction activity in the country.

Construction contractors in Kuwait face constraints in terms of technological expertise and experience in executing large scale complex projects, thereby creating an entry point for international companies. Additionally, the scale of announced projects is likely to be more than what can be absorbed by domestic players which further highlights the potential market for international contractors to consider Kuwait as a key market within the GCC region.

With Kuwait facing a medium-term shortage of housing, the government has promised to build 120,000 housing units per annum over the next decade, with several new smart cities planned. Most of these projects are standard neighborhoods and towns that will blend seamlessly into the Kuwaiti urban landscape, such as the South Al Mutlaa project, housing 400,000 residents which will cover 64 square- kilometers and a cost estimated US$1 Bn.

This provides considerable opportunity for construction activity. Real estate projects account for a majority of the planned construction activities, followed by oil and gas, infrastructure and power and water.

Logistics
Maritime transport is the primary mode of commercial freight movement in Kuwait. The two key commercial ports of Shuaiba and Shuwaikh are underway to expand the capacities drastically. Kuwait's trade activities with regional countries, particularly the Kingdom of Saudi Arabia and Iraq, generate considerable volumes of road freight.

The upcoming Kuwait International Airport Terminal 2 being built by Limak Construction and other planned port infrastructure upgrades are expected to leverage Kuwait's strategic location within the Arabian Peninsula and give rise to re-export opportunities.

Banking, Financial Services & Insurance
The local financial services sector consists of more than 23 local, regional and international banks, 81 local investment and finance companies, 113 local investment funds and over 23 local, regional and international insurance companies.

The CBK oversees banking and financing activities and the CMA regulates securities market activities. The insurance industry is governed by the Ministry of Commerce and Industry.

The banking environment has witnessed tighter regulations governing stakeholder interests. The growing insurance industry is also expected to benefit from the favorable policies of mandatory medical insurance for expatriates and nationals along with rising affordability. Kuwait Government's planned infrastructure development projects are likely to further support development of the banking and financial services sector.

Furthermore, as the Kuwaiti Government endeavors to modernize the economy, the nation's banking sector is undergoing a similar transformation. In recent years, new technologies have begun to change the face of the Kuwaiti financial services industry, with the nation's youthful population demanding digital banking services and on-demand assistance as standard. From mobile banking to contactless payments, technology is reshaping the world of banking as we know it, and financial institutions are coming under increased pressure to adapt to their clients' rapidly evolving tastes.

With the growing use of information technology and increasingly secure online payment systems, transactions through e-banking have been steadily rising. During 2019, the total number of e-banking transactions grew by 21% on the top of the 17% growth recorded in 2018. The robust growth in overall volume was supported in large part by solid expansion in Point of Sale Machines as well as K-Net OPG volumes.

The public sector accounts for more than 50% of GDP, with only a relatively small number of business listed on the stock exchange. As the private sector's economic contribution continuous to grow, Kuwait is likely to emerge as an attractive destination for Private Equity (PE) firms, especially for fund raising due to high liquidity among investors.

IT and Software Development
Kuwait ranks high on key IT and mobile infrastructure related benchmarks in the MENA region, such as internet penetration (62%) and mobile penetration (138%) reflecting quick technology adoption and supporting development of software and IT businesses.

The country's young and affluent population also supports demand for emerging technologies and associated software. On the institutional front, the Kuwait Government has initiated many e-governance projects which are expected to drive the use of electronic services by Government organizations and the general public.

Web and app development are becoming increasingly important for customer-centric businesses in Kuwait. Demand from consumer-focused sectors like retail, banking along with IT transformation initiatives at the Government level are augmenting demand for web-enabled IT services and solutions. This provides opportunities for international players with local and regional presence.

High levels of internet penetration and technology adoption are likely to stimulate the market for application stores and online portals. Kuwait has witnessed many popular examples of online portals some of which are expanding across the GCC and the wider region. Growing penetration of web enabled devices (smart phones, tablets, smart TV's) coupled with rising income levels in Kuwait will further augment the market for online portals along with increasing acceptance of online payment systems.

The broad reach of social media, internet and mobile in the country is leading to successful adoption of the medium of e-commerce and online platforms in Kuwait and the GCC region.

Kuwait Government is implementing various measures to promote IT across numerous sectors, such as infrastructure, education and Government services.

Air, Maritime and Rail Passenger Transport

Air and road are the primary modes of international passenger transport in Kuwait. Kuwait's strong economic growth and a steady population growth are driving the development of the country's transport infrastructure.

The Kuwait Government is seeking to enhance the transport infrastructure including redevelopment of the airport, maritime facilities and development of rail infrastructure within the country.

Kuwait International Airport's new terminal construction is being built by Limak Construction, which makes it the largest tender won abroad in a single package by Turkish contractors.

The new passenger terminal will have the initial capacity to handle 25 million passengers per year and is scalable to accommodate an additional 25 million in the future. Built to be one of the most advanced and environmentally conscious airports in the world and an iconic gateway to Kuwait, the new terminal will help Kuwait position itself as a transit hub within the GCC region.

Rail Transport

The Government intends to introduce rail transport in Kuwait through two large railway projects. The Government is planning a metro rail network project in Kuwait City to ease road congestion. Another railway project, the Kuwait National Railway Network seeks to connect Kuwait with the GCC Railway Network, providing seamless rail connectivity across the GCC region for passengers and freight.

Tourism, Hotel and Entertainment

As a business hub, transit arrivals into Kuwait comprise primarily of business travelers. Business travel spending in Kuwait is expected to grow by 8.9 in 2014 to reach USD 1.2 Bn and thereafter rise by 5.4 per annum to USD 1.9 Bn by 2024.Tourist arrivals are expected to increase to 491,000 by 2022 on account of planned infrastructure projects, economic expansion and tourism related initiatives.

Theme Parks

Kuwait has a number of relatively small recreational concepts, including amusement and water parks, as well as other concepts like a zoological park and cultural attractions.

In view of the limited options available in Kuwait, there is significant potential for introducing a large, branded family-oriented theme park conducive to Kuwait's climatic conditions.

Hotels

The planned infrastructure projects and economic development plans are expected to stimulate business travel in Kuwait over the foreseeable future, creating additional demand for hotels. An increasing global trend towards cost-conscious business travel along with the development of new commercial hubs in Kuwait will augment need for more budget hotels. Budget hotels currently constitute less than one-fourth of Kuwait's overall hotel capacity.

The planned infrastructure projects in Kuwait (e.g.: Cargo City, Mubarak Al Kabir port development, airport expansion, etc.) and rising inflow of business travelers could yield a higher average hotel occupancy rates and revenue per room, indicating considerable potential for new budget hotels.

Renewable Energy

Kuwait has been one of the earliest advocates of renewable energy in the Middle East with its involvement dating back to mid-1970s; however the sector is still in its early stages.

The Kuwait Institute of Scientific Research (KISR) and the Kuwait Authority for Partnership Projects (KAPP) are playing an important role in Kuwait's push towards low-carbon economy. KISR, in particular, has been mandated by the government to develop large-scale alternative energy systems in collaboration with international institutions and technology companies.

Al-Abdaliyah ISCC Project is a promising solar venture which is currently at pre-qualification stage. To be built in the south-west of Kuwait, the plant will have a total capacity of 280 MW, out of which 60 MW will be contributed by solar thermal systems. The facility being developed under a build-operate-transfer scheme, under the supervision of Kuwait Authority for Public Partnerships, provides a 25-year concession backed by an energy conversion and power-purchase agreement with the government.

With many projects in planning and development phases, Kuwait is now focusing on implementing projects in a timely manner and also on developing a realistic renewable energy vision. The development of a renewable energy atlas and renewable energy framework are bound to attract more investments from local and foreign investors.

6.2. TURKEY SECTORAL OUTLOOK

Business Services

Turkey's strategic location at the crossroads of Europe, the CIS, the Middle East, and North Africa, along with the country's existing potential, increase in per capita income, and large, young and growing population have positively impacted the development of the business services sector in Turkey. Turkey has significant experience in a wide range of business service lines, such as engineering and architectural consulting, technical testing, and call centers. The country also boasts expertise in knowledge-based services, such as auditing and accounting, legal advisory, and consulting.

Knowledge-based services such as auditing and accounting, legal advisory, and consulting also play a crucial role in Turkey's economy. Turkey's vibrant economy and improved business environment have paved the way for a dramatic increase in the number of foreign companies in Turkey. The number of companies in Turkey with foreign capital quintupled in the last decade to reach 58,422 in 2017. This increase, together with the improved business environment, has resulted in the growth of knowledge- based services in Turkey. As new regulations come into force and Turkey aspires to have compatible standards with the EU, the sector is set for significant growth.

Chemical Industry

Global sales of chemicals more than doubled over the past decade, driven in large part by emerging economies that accounted for around 80% of new chemical production capacity.

Chemical sales in Turkey have closely followed the global trend. Turkey is an attractive investment location for chemical companies with its robust market growth fueled by end-user markets and its competitive production costs. Turkey is also a regional production, management, and export hub for leading brands in the chemicals industry.

The sustained growth in customer industries in Turkey is also a source of strength. Turkey is the largest commercial vehicle producer in Europe, the 15th largest automotive manufacturer in the world, the 7th largest agricultural producer in the world, and the largest textile producer in Europe, accounting for 3% of global exports.

As part of the urban transformation project in Turkey, it is estimated that around 6.5 million residential units nationwide will be demolished and rebuilt over the next 20 years. Thus, Turkey's construction industry, which is valued at USD 60 Bn, is one of the fastest growing end-user markets for the chemicals industry in Turkey.

Another promising area in Turkey's chemicals industry is the plastics sector, which accounts for almost 3% of global plastics production.
The significant gap between the capacity and the consumption of petrochemical products offers ample opportunities for local and foreign investors. There are also lucrative opportunities in Turkey's surroundings that investors can tap into by utilizing the country's strategic location and top-notch infrastructure.

The combination of a growing economy, a large domestic market, advanced infrastructure, a skilled and competitive workforce, and investor-friendly legislation ensure that manufacturers in Turkey's chemicals sector stand to reap long-term returns from investing in one of the most promising emerging nations in the world.

Information Technology

Turkey's information and communication technologies (ICT) sector has become an essential part of the economy with exports surpassing USD 1 Bn to the EU, MENA, Asian, and North American regions. Turkey's primary export destination, the EU, receives over 75% of Turkey's IT and CT exports in software, hardware, equipment, and services.

With an estimate of USD 16 Bn worth of international investments attracted since the early 2000s, Turkey's employment in the sector has surpassed 139,000. Today, over 20% of employment in the ICT sector is R&D personnel, and nearly 70% of those employed in the sector are younger than 35.

Turkey's talent pool is further supported by an increasing number of university graduates in engineering and ICT fields. In 2018 alone, the number of graduates in the specified fields passed 52,000. The availability of a qualified workforce and modest labor costs continue to make Turkey a competitive country in the region.

As the ICT sector is considered a priority sector by the Turkish government, various initiatives have been taken to promote investments in the area. The greatest indicator of these efforts is the R&D Law, first introduced in 2008 and then revised in 2016, entailing the government's support areas in R&D and introducing an incentives package. The incentives package includes corporate tax exemptions, VAT exemptions, social security premium support, and more.

Defense and Aerospace

The Turkish defense and aerospace industry has been undergoing a profound transformation over the past decades. Having achieved unparalleled success in the industry in recent years, today Turkey has one of the fastest developing defense and aerospace sectors in the world. The experience and emphasis on quality is evident among Turkish defense and aerospace companies as they undertake numerous endeavors, create products that are competitive worldwide, and assume important roles in international projects. With their qualified human resources and state-of-the-art technology infrastructure, Turkish companies bring global solutions to satisfy many countries' local requirements. These Turkish companies conduct activities in many critical areas of the defense and aerospace sector, from original design development to domestic production, from modernization to modification, and from R&D to international projects.

Turkey is one of the largest defense spenders in the world. Turkey's USD 19 Bn defense expenditure in 2018 ranked as the 15th largest defense budget in the world. Turnover in the defense industry doubled over the past decade and reached USD 8.8 Bn in 2018. In parallel with the development of the Turkish aerospace and defense sector's capability in the past decade, the exports and international cooperation opportunities for Turkish companies have increased. The industry's exports increased from USD 600 million in 2007 to USD 2.2 Bn in 2018. With a developed and skilled production capacity, the orders received by the industry amounted to USD 12.2 Bn in 2018.

Over the years, Turkey has also emerged as an ideal place for civil aviation business. In 2018, the number of airline passengers increased to 210.2 million including 97.2 million international passengers, up from 34 million in 2004. The number of civilian aircrafts increased from 626 to 1,404 between 2003 and 2018, with airline fleet size increasing to 515, up from 162. In the same period, the turnover in civil aviation reached USD 21 Bn, up from USD 2.2 Bn. Turkey is determined to position itself as a hub for civil aviation. A new airport has been constructed in Istanbul, and it is the largest airport in the world with a capacity of 200 million passengers per year and flights to nearly 350 destinations.

Energy

Demand for energy and natural resources has been increasing due to the economic and population growth in Turkey. It has posted the fastest growth in the OECD, with an annual growth rate of 5.5% since 2002. Since then, Turkey's primary energy supply has increased from 78.4 Mtoe to 155 Mtoe, a two-fold increase within 17 years. Turkey's growing economic performance has also been reflected on the country's electricity generation infrastructure given the dramatic rise in the total installed capacity from 31.8 GW to 88.5 GW, and in the electricity consumption from 132.6 TWh to 305.5 TWh as of end- 2018. To satisfy the increasing needs of the country, the current capacity is expected to reach 110 GW by 2023 through further investments to be commissioned by the private sector as underlined in the 11th Development Plan for 2019-2023.

Turkey's prominent economic performance, backed by the liberalization efforts, also allowed for attraction of around USD 209 Bn of FDI between 2002 and 2018, of which about USD 18 Bn flowed into the energy sector. In 2018, investors carried out M&A activities across various sectors with a total deal volume of about USD 12 Bn through 256 deals, with the energy industry standing among the leading sectors in terms of M&A transaction volume with USD 400 million.

As a crossroads between major energy consumers and suppliers, Turkey occupies a strategic location that serves as a regional energy hub. The existing and planned oil/gas pipelines, the critical Turkish straits, and promising finds of hydrocarbon reserves around Turkey allow for increased leverage over regional projects and reinforce the country's gateway status.

Last but not least, Turkey has taken important steps in energy efficiency. In the National Energy Efficiency Action Plan, which was adopted in 2018, Turkey aims to achieve savings of USD 30.2 Bn in total by 2033. In this regard, approximately USD 11 Bn of investments will be made by 2023, resulting in energy savings equivalent to 23.9 Mtoe. This saving is equal to decreasing the primary energy consumption of Turkey by 14% in 2023 compared to the base usage scenario. As part of Turkey's efficiency efforts, Turkey will eliminate the need for USD 4.2 Bn worth of power plant investments while also providing additional employment for 20,000 people by 2023.

Infrastructure

Turkey's developing economy offers lucrative investment opportunities in infrastructure across a wide variety of sectors including transportation, healthcare, and energy. According to the World Bank, Turkey ranks 3rd globally in Public-Private Partnership (PPP) projects, with a total contract value of USD 165 Bn from 1990 to 2015. With a successful track record of over 220 PPP implementations across a diversified portfolio of infrastructure assets, Turkey has been able to realize around 80% of those projects over the past decade.

Turkey has solid rationales for investment in infrastructure:

- The Turkish economy exhibits a robust annual GDP growth rate of 5.5% on average.
- Turkey's 82 million strong population is growing by an additional 1 million every year; this is coupled with a rapid urbanization process that has resulted in more than 20 urban centers with populations over 1 million, and of which 9 of those 20 have populations of over 2 million.
- Turkey's growing international trade volume and strategic location compel the country to develop its infrastructure.
- As a bridge between the East and the West, Turkey leads the Middle Corridor at the heart of the Belt and Road Initiative (BRI).
- Hosting more than 600,000 foreign patients a year, Turkey has significantly improved the quality of its healthcare services and will continue to invest in healthcare infrastructure to catch up with OECD.
- From transportation to healthcare and to energy, ample opportunities from mega to micro projects are available in the pipeline.
- Turkey has favorable investment legislation for PPP investments that may be realized through various models, such as build-operate, build-operate-transfer, transfer of operational rights, etc.
- Turkey's government provides various forms of support and incentives to accelerate the project development.
- Turkey's investment climate is further strengthened by domestic and international laws that protect investments and provide international arbitration.
- Turkey's macroeconomic policies, investments, and more importantly, strong public finance management, support PPP investments that require guaranteed purchase.

Financial Services

The Turkish financial sector proved resilient during the global financial turmoil in 2009 as well as the ensuing economic crisis thanks to the regulatory reforms and structural overhaul that the government implemented in the wake of the country's own financial meltdown in the early 2000's. In fact, the reforms in the sector boosted investor confidence so much that the

industry has become the most preferred sector for FDI, attracting USD 52 Bn since 2005.

Banking dominates the Turkish financial sector, accounting for almost 90% of overall financial services, while insurance services and other financial activities also show significant growth potential. There are 51 banks in Turkey (32 deposit banks, 13 development and investment banks, and 6 participation banks). Out of the 51 banks, 28 are classified as foreign banks (27% of total assets in the sector are held by foreign investors).

The Turkish insurance market is still underpenetrated (1.5% of GDP) compared to peer countries. It is set to capitalize on its significant potential as new insurers set up shop and acquire a share of the relatively untapped Turkish market. Turkey has seen strong economic growth fueled in part by a young and dynamic population that is increasingly in need of financial products and services.

A key driver of the Turkish financial sector has been the county's robust economy with a bright future. Over the past 16 years, the Turkish economy has been growing at an average annual real GDP growth rate of 5.5%, and the growth momentum is expected to continue. Turkey's sizeable and diversified economy has achieved remarkable growth, and became the 13th largest economy in the world in 2018. Turkey's economic expansion has resulted in income growth and a burgeoning middle-class with increasing purchasing power.

Turkey has also set specific economic targets to achieve in the near future. One of these targets is to transform Istanbul into a prominent financial center. Turkey's large and young population, qualified labor force, and rapidly developing markets along with its geo-strategic location, all make Istanbul an ideal candidate for an international financial hub. Since the government launched the project for the Istanbul Financial Center, Istanbul has rapidly made progress and is now considered to be one of the emerging financial centers of the world.

Tourism

As the 6th most popular tourist destination in the world and attracting more than 46 million tourists in 2018, Turkey continues to present vast investment opportunities in both the established and newly developing subsectors of the tourism industry.

With its favorable location, existing potential, mega projects, and ambitious targets set for 2023, the tourism sector continues to grow at a rate that outstrips its bed capacity. Even though there has been a surge of investments in the last several years, there is still ample room for new ventures. Eastern and Southeastern Anatolia both have untapped potential for cultural tourism as well as the increasingly popular boutique hotel concept, which blends well with the characteristic nature, history, and culture of the regions.

- In 2018, Turkey was the 6th most popular tourist destination in the world according to UNWTO.
- According to the Ministry of Culture and Tourism, the number of foreign travelers arriving in Turkey in 2018 was 46 million, while total turnover of the tourism industry that same year was USD 29.5 Bn.
- Growth in the Turkish tourism industry has been above the global average in recent years, and the direct positive contribution of the industry to the current account deficit in 2018 was 52%.
- Regarding religious tourism, Turkey is among the few countries in the world that is home to sites from a number of major religions. Of a total of 316 sacred sites, 167 of them belong to Islam, 129 to Christianity, and 20 to Judaism.
- Antalya is the most preferred city in Turkey based on the number of incoming foreign visitors. Visited by 32% of the foreign tourists in 2018, Antalya has over 500 4-star and 5-star hotels in its center and surrounding towns such as Kemer, Belek, and Kaş.
- The number of operational hotel chains Turkey is 57, with 44 of these being domestically owned, and 15 of these being foreign owned. The number of hotels in these 57 chains in

Turkey totals 628, while the number of rooms totals 149,601.

- Turkey has 7,200 km of coastline and ranks 3rd among all countries with its 463 blue-flag beaches.
- In terms of geothermal tourism potential, Turkey is among the top seven countries in the world and ranks 1st in Europe with its 1,500 thermal springs. Bed capacity in the various thermal spa resorts has reached a combined 100,000.
- The Turkish Government offers incentives such as reduced utility prices and reduced tax rates, while also pursuing policies aimed at eliminating any bureaucratic barriers that may hinder growth in the tourism sector.

Real Estate

Strategically situated at the crossroads of Europe, the Middle East, and Central Asia, and home to almost 82 million people, Turkey offers great opportunities for real estate developers and investors by combining a large construction sector with growing commercial and industrial output. In order to attract foreign investors, the Turkish government provides Turkish citizenship for those who purchase real estate worth at least 250,000 USD and do not sell it for three years.

- The real estate sector accounted for approximately 8.4% of GDP in the last decade. On the investment side, FDI inflows stood at USD 13 Bn, with real estate and construction garnering USD 5.9 Bn (45% of total FDI in 2018.
- Urban renewal and mega projects dominate the agenda for the foreseeable future, particularly in Istanbul. Some projects in the city include Marmaray, Canal Istanbul, Yavuz Sultan Selim Bridge, Eurasia Tunnel, 3-Storey Grand Istanbul Tunnel, and Istanbul's 3rd airport.
- The Urban Renewal and Development initiative will encompass 7.5 million housing units. The initiative has a budget of USD 400 Bn, with a large contribution coming from the private sector.
- The total number of homes sold in the Turkish property market reached 1.4 million units in 2018; likewise, sales of real estate to foreigners began to increase following the abolishment of the reciprocity law in 2012. In 2018, 39,663 homes were sold to foreigners in Turkey, marking a year-on-year increase of 78.3%. Regarding home sales to foreigners, Istanbul was the top- performing province with 14,270 sales in 2018, followed by Antalya with 7,938 sales, Bursa with 2,720 sales, and Ankara with 2,133 sales.
- By 2019 year-end, the existing Grade A office stock in Istanbul will have surpassed 5.7 million square meters. Annual gross leasable area growth in the office market has been around 42% on average between 2010 and 2019. There is more than 1.7 million square meters of office supply under construction, and it is expected that the total grade A office supply will reach almost 7.4 million square meters gross leasable area by the end of 2023.
- 433 shopping centers are operational in Turkey with a total gross leasable area of 13 million square meters. 126 shopping centers in Istanbul with a total gross leasable area of 4.8 million square meters represent 37% of the total leasable shopping center area in Turkey.
- Despite the growth in recent years, Turkey is still below the average of total leasable area per person compared to the European average. This indicates potential for further retail growth in Turkey.

Renewable Energy

Turkey has a rich potential of hydropower, wind and geothermal energy resources. The distribution of these renewable energy sources in operation are hydropower, wind and geothermal 14.802 MW 1002MW and 94 MW, respectively. Turkey possesses a huge hydroelectric resource which is one of the Turkey's major energy assets. Most of the important uses of water in power plants have been developed in the electricity generation.

As the country is aiming for two thirds of electricity to be from renewables by 2023, there lies a lot of potential for investors to aid in the development of the renewable energy sector in Turkey

7. KUWAIT – TURKEY ECONOMIC RELATIONS

Turkey and Kuwait, which gained its independence in 1961, celebrated the 50th anniversary of the establishment of their diplomatic relations in 2014. Turkey enjoys multifaceted relations with Kuwait based on common cultural and historical ties.

Turkey's bilateral relations with Kuwait have gained impetus in recent years through high-level visits and numerous agreements signed during those visits. In this respect, five visits at the level of head of state took place between the two countries in 2017. In 2018, the Emir of Kuwait H.H. the late Sheikh Sabah Al Ahmad Al Jaber Al Sabah attended the OIC Extraordinary Summit on Al-Quds in Istanbul. The Speaker of the Kuwaiti National Assembly, H.E. Marzouq Ali Al Ghanim, visited Turkey, in order to attend the presidential inauguration of H.E. President Recep Tayyip Erdoğan on 9 July 2018 and the Third Meeting of Speakers of Eurasian Countries' Parliaments held in Antalya on 8-11 October 2018.

7.1. KUWAIT-TURKEY STRATEGIC COMMITTEES

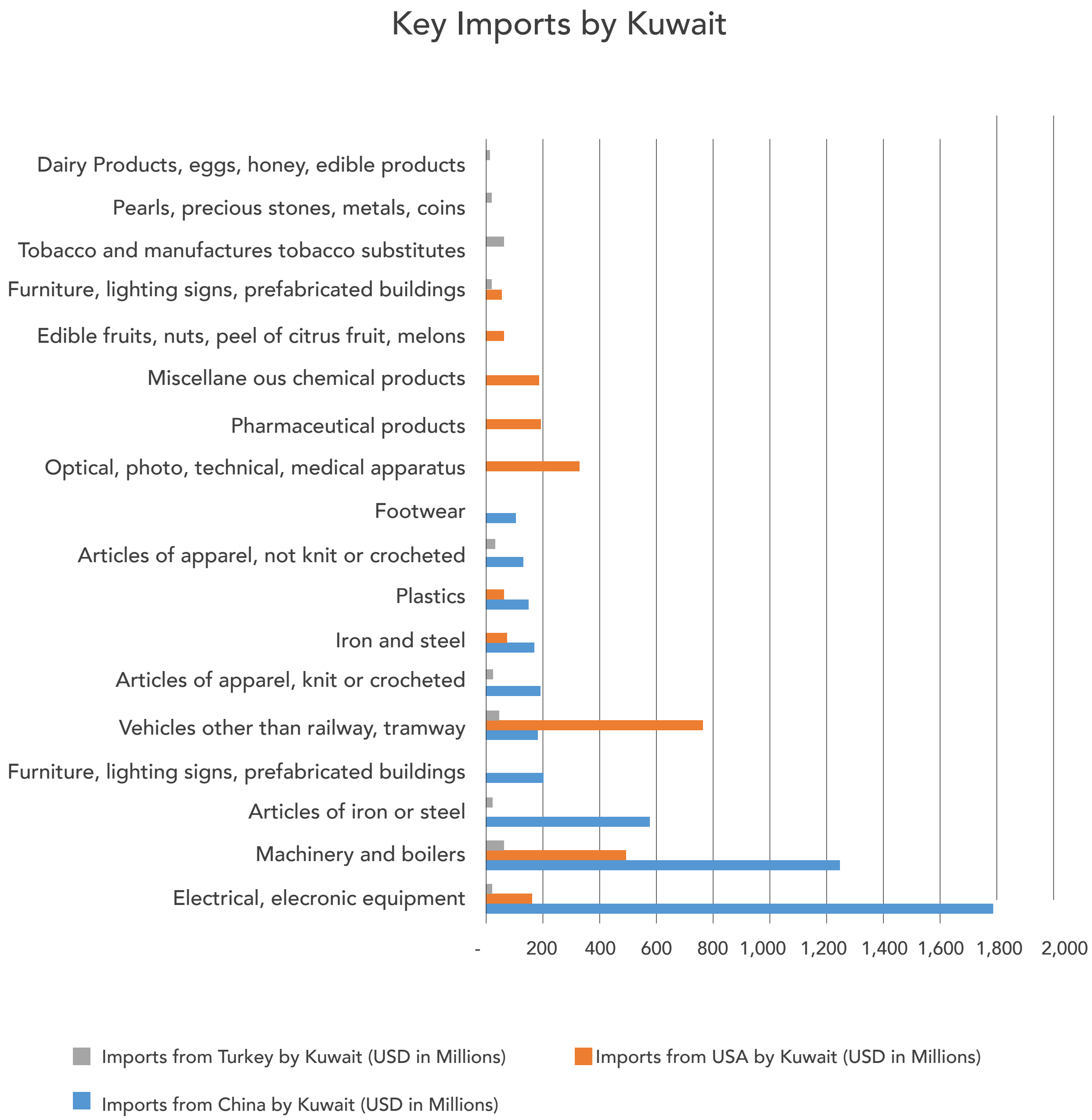
Bilateral Cooperation Mechanisms:
Joint Economic Commission Meetings: The 10th meeting of the Turkish-Kuwaiti Joint Economic Commission was held on 31 October 2017, in Kuwait. During the meeting, the two sides signed the minutes to boost their bilateral cooperation in economic, commercial, and industrial fields. During the meeting Kuwait displayed its keenness to enhance its cooperation with Ankara in commercial, political, economic and artistic fields. Turkey-Kuwait Business Council: With the aim to improve business and investment opportunities among Turkey and Kuwait, the Turkey-Kuwait Business Council was established in 2006. The Business Council, established under the umbrella of DEİK, was convened on 22 June 2017 in Istanbul with the participation of Khalid Nasser Abdallah Al Rodan, Minister of Trade and Industry of Kuwait. The Business Council, does not have an active counterpart in Kuwait pursuant to Kuwaiti legislations. However, a Memorandum of Understanding (MoU) has been signed between Burgan Bank Turkey and Kuwait Finance House on November 2018.

7.2. AGREEMENTS AND PARTNERSHIPS

In order to promote mutual growth and enhanced cooperation, Kuwait and Turkey have signed the following agreements:

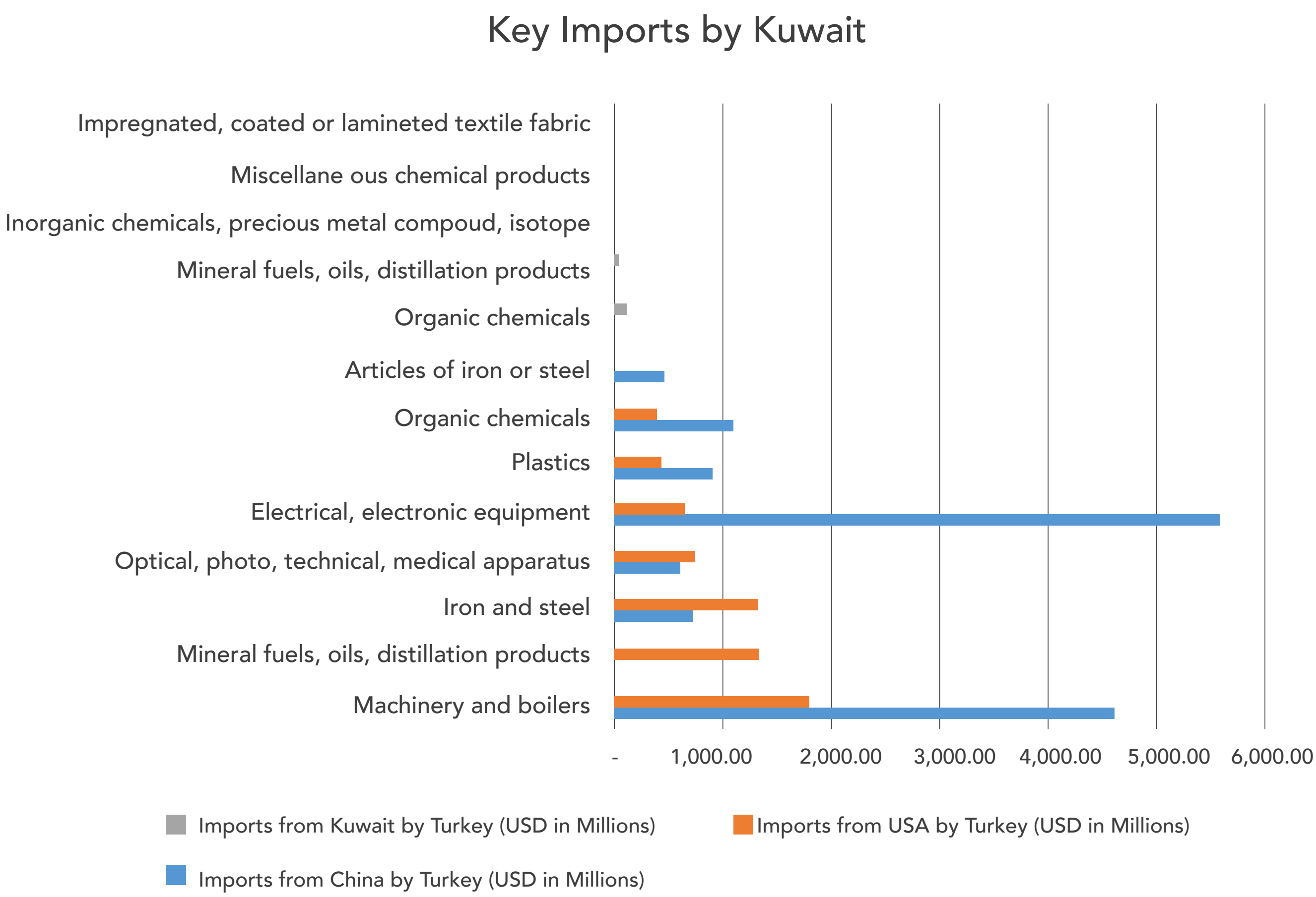
- 1997: Agreement for the avoidance of double taxation
- 2008: Agreement for economic and technical cooperatiom
- 2008: Cooperation agreement on customs related issues
- 2010: Agreement on the promotion an protection of investments

7.3. BILATERAL TRADE



USA and China are the largest exporters to Kuwait. During 2018 Kuwait imported Electronic Equipment and boilers amounting to USD 1.8 Bn and USD 1.25 Bn (from China) and vehicles amounting to USD 767 million (from USA) amongst other items. In parallel, the major commodities imported by Kuwait from Turkey were Tobacco products, Machinery, Boilers and Vehicles which amounted to USD 69.86 million, USD 67.19 million and USD 51 million respectively. Imports from Turkey amounts to only 3-4% of the total imports by Kuwait.

Based on the above statistics, there are strong potential opportunities for Turkey to increase its exportsof electrical equipment, vehicles and machinery to Kuwait in expanding its trade partnership.



Similarly, the key imports by Turkey included Electrical Equipment amounting to USD 5.59 Bn and Machinery and Boilers (Steam or other vapour generating boilers) amounting to USD 1.79 Bn from USA.

The major commodities exported by Kuwait to Turkey were Organic Chemicals and Plastics which amounted to USD 97.45 million and USD 22.95 million respectively. As seen from the chart above, Kuwait can consider increasing the amount of plastics it exports to Turkey as Turkey imports large amounts of plastic from USA and China.

As seen from the above chart, there is a lot of potential for Turkey to import items such as Iron, Steel, plastics and medical apparatus (such as X-ray machines, MRI machines, medical lasers, CT scanners etc.) amongst others in order to increase the amount of commodities imported from Kuwait.

Suggested commodities to be imported by Turkey from Kuwait

Iron & Steel – Turkey imports USD 0.36 million worth of Iron & Steel from Kuwait as opposed to USD 1.3 billion and USD 710.67 million from USA and China respectively

Medical Apparatus – Turkey imports USD 0.03 million worth of medical apparatus from Kuwait as compared to USD 729 million and USD 585 million from USA and China respectively

Plastics – Turkey imports USD 23 million worth of plastics from Kuwait as compared to USD 412 million and USD 895 million from USA and China respectively

Suggested commodities to be imported by Kuwait from Turkey

Vehicles & Tramway – Kuwait imports USD 51 million worth of Vehicles & Tramway from Turkey as opposed to 767 million and USD 198 million from USA and China respectively

Nuclear Reactors and Boilers – Kuwait imports USD 67 million worth of nuclear reactors from Turkey as opposed to USD 495 million and USD 1,250 million from USA and China respectively

Electronic Equipment – Kuwait imports USD 28 million worth of electronic equipment from Turkey as opposed to USD 169 million and USD 1,800 million from USA and China respectively

The above mentioned are just few commodities which Kuwait and Turkey can provide to each other to further strengthen their bilateral relations

Turkish Exports to Kuwait

Turkish exports to Kuwait have seen significant growth in the last few years. While the value of export flows to Kuwait from Turkey stood at USD 343 and 407 million in 2013 and 2014, respectively, the number has since increased to USD 555.4 million in 2020.

The major commodities of exports included, weaved carpet and flooring materials, iron and steel, motor vehicles and their components, machinery and spare parts thereof, textile.

Kuwaiti exports to Turkey

During the same period, the volume of Kuwaiti exports to Turkey has reduced. This is largely due to the variation of energy prices during the same period, which have a major influence on Kuwait's annual export numbers. The value of export from Kuwait to Turkey USD 353 million in 2013 and the number has decreased to USD 53.3 million in 2021.

The major exports from Kuwait included, crude oil, petrochemical products, organic chemicals, plastic and plastic products.

Bilateral FDIs

Currently, more than 300 Kuwaiti companies are operating in Turkey and the total value of investments by these companies is worth USD 1.7 Bn. Kuwaiti investments in Turkey focus on the areas of finance, real estate, trade and industry. On the other hand, the total amount of tenders won by Turkish companies in Kuwait have exceeded USD 8 Bn.

It is a rising trend among Kuwaiti citizens to invest in the Turkish real estate sector and thus to purchase property in Turkey. In line with this trend, since 2015, more than 10,000 properties have been sold to Kuwaiti citizens.

In addition to Kuwaitis' increasing interest to invest in Turkey, the positive state of affairs in bilateral political and economic relations and the exemption of ordinary Kuwaiti passport holders from visa since 2017 have contributed to the rise in the number of Kuwaiti tourists visiting Turkey. In this regard, while 20,000 Kuwaiti tourists visited Turkey in 2010, the number of Kuwaiti tourists coming to Turkey reached 298,620 and 374,000 in 2018 and 2019 respectively.

8. DOING BUSINESS IN KUWAIT AND TURKEY

8.1. KUWAIT

Establishing a business
Foreign companies generally invest into Kuwait using one of the following business structures:

- Sponsorship arrangement through a local sponsor or agent
- Incorporated company with at least 51 of the capital owned by Kuwaiti nationals
- Unincorporated joint venture

If the KDIPA approves an investment project, a foreign investor may also establish a 100% -owned subsidiary, a licensed branch office or a licensed representative office.

The KDIPA was established to administer the Kuwait Direct Investment Promotion Law (KDIPL). In addition to 100% foreign ownership, potential benefits under the KDIPL include:

- Full or partial exemption from customs duties on certain imports and other government charges for approved projects up to five years
- Tax incentives for up to 10 years with respect to non-Kuwaiti shareholders' shares of the profits from qualifying projects, with the tax incentive offered by way of tax credit
- Benefit of double tax treaties and investment promotion and protection agreements (where applicable)

Taxation
Kuwait imposes tax only on foreign entities. A foreign entity is subject to tax on:

- Income from carrying on trade or business in Kuwait, either directly or through an agent
- The foreign entity's share of profits in any Kuwaiti entity in which it is a shareholder (regardless of whether those profits are distributed)

Kuwait operates a territorial taxing regime. This means that only revenues derived from Kuwait sources and from activities performed within Kuwait are taxable within Kuwait.

For contracts involving the performance of services or work both inside and outside of Kuwait (e.g., employees are present in Kuwait, even on short-term visits), the entire contract income may be subject to tax in Kuwait if the contractor is unable to clearly demonstrate the income and expenses from the onshore and offshore components of the contract.

The corporate tax rate is 15%.

Withholding tax and tax retentions
Kuwait has no withholding taxes. However, a contract reporting and tax retention system exists to support compliance:

- Local and foreign establishments, authorities and companies carrying on a trade or

business in Kuwait are required to provide the Department of Income Tax (DIT) with the details of the companies with which they are doing business as contractors, subcontractors or in any other form. Information to be provided should include the name and address of the company, together with a photocopy of the contract.
- Companies and government departments are required to retain 5 from all payments to a contractor or subcontractor, until the contractor or subcontractor presents tax clearances and a no objection letter (NOL) from the DIT confirming that all tax liabilities have been settled.

The DIT may disallow a deduction for payments to the contractor or subcontractor if these rules are not followed.

The Ministry of Finance may demand payment of the 5 retention from the entities holding the amounts if the contractors or subcontractors concerned fail to settle their taxes due in Kuwait. In addition, the contractor is responsible for the tax due on the subcontractor if the contractor does not comply with its retention obligations.

Taxable income
Taxable income is computed based on profits disclosed in audited financial statements, adjusted for tax depreciation and other statutory book-to-tax adjustments.

Gains from the sale of assets and shares are taxed in the same manner as normal business profits. Losses may be carried forward for a maximum of three years.

In determining taxable income from royalties, no deduction is permitted other than a 1.5 allowance for head office overheads (i.e., the tax base is 98.5 of the gross payment).

Groups of companies
Kuwait does not have any special rules for group taxation. Each company is taxed independently on its own income.

Tax registration and deregistration
Every taxpayer must register with the DIT within 30 days of commencing its activities or signing a contract with a Kuwait entity or in relation to a Kuwait project.

All taxpayers must apply for a tax card, which needs to be renewed annually. All government departments and public authorities are prohibited from dealing with companies that do not hold an active tax card.

The taxpayer must inform the DIT that it has ceased activity within 30 days after the date of cessation.

Annual tax filing
Companies, including those that are exempt from tax, are required to submit a tax declaration, supporting schedules and audited financial statements, on or before the 15th day of the 4th month following the end of the taxable period (e.g., for the year ending 31 December, tax declarations must be filed on or before 15 April of the following year). The documents must be in Arabic and certified by a practicing Kuwaiti accountant who is registered with the Ministry of Commerce and Industry.

Taxes due on the tax declaration should generally be settled on or before the filing of the tax declaration. However, taxpayers may opt to pay the tax in four equal instalments on the 15th day of the 4th, 6th, 9th and 12th months following the end of the taxable period.

8.2. TURKEY

The Turkish legal framework offers a level playing field to foreign investors and domestic companies. Foreign ownership is unrestricted, with no preentry screening requirements. Since 2003, foreign investment has been regulated in a more liberalised manner under Foreign Direct Investment Law No.4875. Under this law foreign investors may freely start- up businesses in company, branch office or liaison office forms.

Corporate Income Tax
Turkey has a declaration-based corporate tax system and the net income of any corporation is subject to corporate income tax at a rate of 22%

for the taxation period of 2018 - 2020. The tax rate is 20% from 2021 onwards. The net income declaration of a corporation must be supported with details of results for the financial year.

Corporate income tax returns must be submitted to the competent tax office between the first and 25th day of the fourth month following the end of each accounting period. Corporate income tax payments must be made by the end of month in which the corporate tax return is submitted.

Value added tax (VAT)
Delivery of goods and services in Turkey within the scope of commercial, industrial, agricultural and independent professional activities and import of goods and services into Turkey are subject to VAT at a rate of 18 . However, certain goods and services are subject to a 1% or 8% VAT rate.

The VAT tax period is quarterly. However, the Ministry of Treasury and Finance has the authority to set monthly taxation periods.

VAT returns must be submitted to the competent tax office between the first and 24th day of the month following the taxation period. VAT payments must be made by the 26th day of the month in which the VAT return is submitted.

Banking and insurance transactions tax (BITT)

Payments received by banks, bankers and insurance companies (such as interest, commission, premiums and service charges) are subject to BITT at 5%. However, there are exemptions for certain transactions where a reduced rate of 1% is applied.

The BITT returns must be submitted on a monthly basis, within the first and 15th day of the month following the end of each taxation period and BITT payments must be made in the declaration period.

Resource utilization support fund (RUSF)
RUSF is a tax levied on credit-based imports and loans at the following rates:
- Imports: 6 of import value.
- Consumer loans provided by Turkish banks and financial institutions: 15%

Special consumption tax
Delivery, import and sale of goods (categorised into four groups in the Special Consumption Tax Law No. 4760) are subject to a one-time special consumption tax for the following items:

- Petroleum products, natural gas, lubricants, solvents and derivatives of solvents.
- Automobiles and other motorized vehicles, motorcycles, planes, helicopters and yachts.
- Tobacco and tobacco products, alcoholic beverages and sodas.
- Luxury goods.

Special consumption tax is paid when goods are imported or produced and the tax burden can be allocated to the end users (consumers) by the taxpayers.

Dividends paid
Unless reduced by a double tax treaty, non-resident shareholders are subject to 15% withholding tax.

Dividends received
Dividends received by tax resident companies from their foreign subsidiaries are subject to corporate tax at a rate of 22%

Dividends paid by foreign subsidiaries are exempt from tax if:

- The tax resident company receiving the dividend holds at least 10% of the shares of its foreign subsidiary for at least one year at the date of the dividend payment.
- The dividend distribution of the foreign subsidiary is subject to income tax and corporate tax or similar taxes with a minimum rate of 15% in its jurisdiction of incorporation.
- The dividend is transferred to Turkey by the end of the declaration date on the corporate income tax return for that year.

Interest paid
Withholding tax at a rate of 10% applies to interest paid by a Turkish corporation to a foreign corporate shareholder. However, where the lender is a foreign state, international institution, overseas bank or overseas financial institution, the withholding tax rate is 0%.

Interest paid by banks to foreign shareholders on deposit accounts and foreign exchange deposit accounts is subject to withholding tax rates between 10% and 18%, depending on the maturity and the currency, unless the tax rate is reduced by a double tax treaty.

9. THE WAY AHEAD

With the start of a new decade, the relations between Kuwait and Turkey are looking to reach new heights through mutual cooperation and multifold increase in bilateral trade.

We are looking at a new era of increased FDI flow and cultural cooperation between the two countries with new business opportunities emerging for investors on a regular basis.

Private investors, venture capitalists from both the countries are looking for greenfield opportunities, possibilities of mergers and international cooperation in the form of PPP projects with the respective governments. Investors are looking forward for joint projects in all major sectors namely technology, artificial intelligence, digitization of banking sector, defense, tourism and construction of smart cities to name a few.

With the emergence of a new leadership and the Kuwait 2035 Vision document being implemented at grass root level, the opportunities available for Turkish investors are nearly endless. At the same time, Turkey with strong economic fundamentals, advanced information technology sector and highly skilled work force will continue to remain an attractive opportunity for Kuwaiti investors.

Currently, more than 300 Kuwaiti companies are operating in Turkey, and the total value of investments by these companies is worth USD 1.7 Bn. Kuwaiti investments in Turkey focus on the areas of finance, real estate, trade and industry. On the other hand, the total amount of tenders won by Turkish companies in Kuwait has exceeded USD 8 Bn. We hope that with increased trade, enhanced cooperation and the opportunities to collaborate on new projects, the journey for the two great nations has just begun.

DEiK

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