

KUWAIT QUARTERLY NEWSLETTER – ECONOMY & PROJECTS UPDATE

October 2015 – Issue 13

# INDEX

MACROECONOMIC UPDATE.....	2
MAJOR PROJECTS NEWS UPDATE.....	3
A. KUWAIT AUTHORITY FOR PARTNERSHIP PROJECTS (KAPP).....	3
B. INFRASTRUCTURE AND DEVELOPMENT PROJECTS.....	6
C. OIL & GAS SECTOR PROJECTS.....	9
D. OTHER SECTOR'S PROJECTS.....	13
SUMMARY - MAJOR PROJECTS AWARDED IN Q3 2015.....	15

## MACROECONOMIC UPDATE

The inflation levels measured by consumer price index (CPI) continued to trend uprising to 3.8% in August, as compared to 3.5% in May 2015 (as mentioned in our previous edition – Issue 12).

- ❖ The upward pressure on the CPI was fueled by a moderate increase in prices of food & beverage, furnishing equipment, household maintenance and restaurant & hotels sectors; food inflation increased by 3.0% points from May to reach 5.62% in August, mainly due to a stronger rise in food demand ahead of the Eid holiday. The rise in the prices of fish and seafood over the summer also pushed overall food inflation higher.
- ❖ The prices of tobacco & narcotics reduced by 10.6% points from May to reach 1.54% in August mainly due to Kuwait's MOH mulling over tax hike on tobacco products that led to higher gains in demand for tobacco products.
- ❖ The components of furnishing equipment & household maintenance and restaurant & hotels prices increased by 0.3% and 1.8% respectively in August.
- ❖ However, clothing & footwear, health, recreation & culture, miscellaneous goods & services categories fell further in August. Prices of housing services, transport and education remained unchanged over the last 3 months.

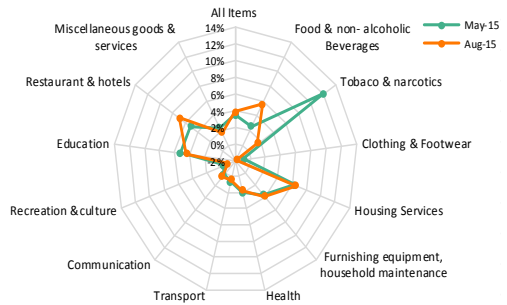
## The decline in sight deposits and quasi money weakened the money supply

- ❖ Kuwait's broad measure of money supply (M2) reduced by KD 0.47 billion from May to reach KD 35.2 billion in July 2015, with YoY growth of 4.7%. The decrease is mainly attributed to the reduction in sight deposits by 2.1% from May to reach KD 8 billion in July. The narrower measure (M1) reduced by KD 0.18 billion during the same period.
- ❖ Credit facilities extended by local banks to residents continued to grow with 5.5% YoY growth in July 2015, as compared to 5.3% YoY in May, to reach KD 31.6 billion in July. The personal facilities were up by KD 0.18 billion during the same period mainly due to increase in installment loans by KD 0.43 billion.
- ❖ Bank deposits at local banks increased in July by 5.4% YoY, to reach KD 38.8 billion. Private sector deposits constitutes 86.9% of bank deposit base at KD 33.7 billion in July.

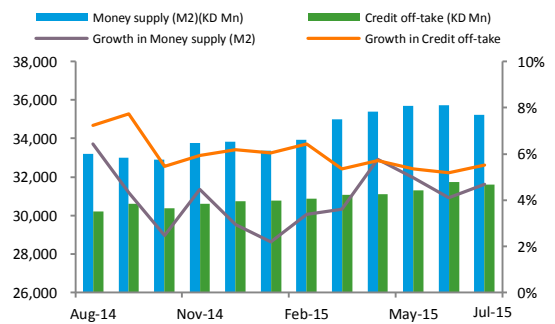
## Kuwait export oil price weakened in August

- ❖ In September 2015 Kuwait oil export price weakened to reach USD 43.96 per barrel down from USD 45.28 per barrel in August 2015.
- ❖ Total Kuwait's crude oil production averaged 2.728 million barrels per day (mb/d) in September, a increase of 0.03 mb/d from June 2015.
- ❖ Kuwait contributed around 8.6% to the total OPEC production in September 2015.

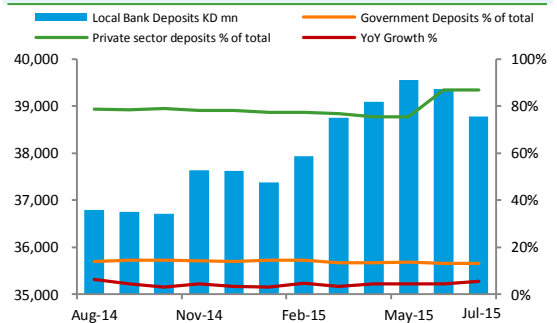
### Inflation



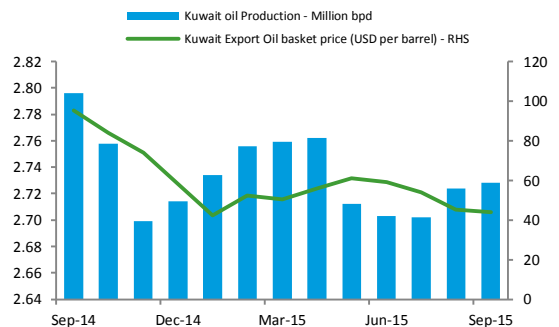
### Growth in Money supply and credit off-take



### Local Bank Deposits



### Monthly production and Oil price



Source: Central Bank of Kuwait, OPEC

**MAJOR PROJECTS NEWS UPDATE****A. KUWAIT AUTHORITY FOR PARTNERSHIP PROJECTS (KAPP)****List of Kuwait Authority for Partnership Projects (KAPP) projects in Kuwait**

Project Name	Sector	Project Value (USD Mn)	Current Status	Start Year	End Year
<b>Project updates in 3<sup>rd</sup> quarter 2015</b>					
1	Al-Abdalyah Integrated Solar Combined Cycle (ISCC)	Power	720	Prequalified 7 Consortiums	2008 2015
2	South Al-Jahra Labor City	Real Estate Development	500	Request for Proposal (RFP)	2012 2017
3	Al-Khairan Independent Water and Power Project (IWPP)	Power	200	Prequalified 7 Consortiums	2012 N/A
4	Municipal Solid Waste Treatment Facility – Kabd Location	Solid Waste Management	100	Prequalified 5 Consortiums	2012 2015
5	Al-Zour North Independent Water and Power Project (IWPP) (Phase 2)	Power	N/A	Prequalified 7 Consortiums	2010 2018
6	Service and Entertainment Center – Egaila	Real Estate	N/A	Prequalified 7 Consortiums	N/A N/A

**Other projects as mentioned in our previous edition**

1	Kuwait National Rail Road (KNRR)	Transportation	10,000	Pre-Qualification of Project Management Consultants (PMC) & Preliminary Design Consultant (PDC)	2010 2017
2	Kuwait Metropolitan Rapid Transit System (KMRT)	Transportation	7,000	Pre-Qualification of Project Management Consultants (PMC) & Preliminary Design Consultant (PDC)	2012 2020
3	Kuwait Failaka Island Development	Real Estate Development	3,300	Consultancy Bids under Evaluation	2013 2016
4	Al-Zour North Independent Water and Power Project (IWPP) (Phase 1)	Power	2,700	Financial Closure	2010 2016
5	Umm Al-Hayman Waste Water Treatment Plant (WWTP)	Water & Wastewater Management	1,190	Request for Qualification (RFQ)	N/A N/A
6	Rest Houses And Doha Chalet's Service Centers	Real Estate Development	50	Pre-tendering	2012 N/A
7	Kuwait Schools Development Program	Education	N/A	Request for Qualification (RFQ)	2012 2015
8	New Physical Medicine and Rehabilitation Hospital	Health	N/A	Cancelled by PTB	N/A N/A
9	Commercial, Educational, Cultural and Entertainment Center in Abdulla Al Ahmad Street	Real Estate Development	N/A	Pre-tendering	N/A N/A
10	Kuwait Public Post Office	Communication	N/A	TA Procurement	N/A N/A
11	Communication Network and Telecommunication Services	Communication	N/A	TA Procurement	N/A N/A

Source: MEED, Note: EOI - Expression of Interest, RFQ – Request for Qualification, RFP – Request for Proposal, TA – Transaction Advisor

## A. KUWAIT AUTHORITY FOR PARTNERSHIP PROJECTS (KAPP) ... Contd.

### Kuwait prequalifies 7 consortiums for Al-Abdaliyah Integrated Solar Combined Cycle Power (ISCC) project

Kuwait Authority for Partnership Projects (KAPP), in collaboration with the Kuwait's Ministry of Electricity and Water (MEW) has prequalified 7 consortiums for the execution of Integrated Solar Combined Cycle (ISCC) plant to be located in Al-Abdaliya, South west of Kuwait.

As mentioned in our previous edition – Issue 12, KAPP had invited companies to submit Request for Qualification (RFQ) document in the 2<sup>nd</sup> Quarter of 2015 for the project. The ISCC project involves developing an Integrated Solar Combined Cycle plant to generate power with a capacity of 280MW on Build Own Operate and Transfer (BOT) basis.

#### Prequalified bidders

- ❖ Acwa Power (lead; Saudi Arabia)/Al-Mulla Group (Kuwait) / Acciona Energia (Spain)
- ❖ Abengoa (lead; Spain)/Sojitz Corporation (Japan)/Alghanim International (Kuwait)
- ❖ Électricité de France (EDF) (lead; France)/Toyota (Japan)/Al-Sager (Kuwait) / TSK (Spain)
- ❖ Korea Electric Power Corporation (lead; South Korea)/Kharafi National Co (Kuwait)/Aries Energy (US)
- ❖ GDF Suez (lead; now called Engie; France/UK)/Elecnor (Spain)
- ❖ JGC Corporation (Japan)
- ❖ RWE AG (lead; Germany)/Khalid Ali Kharafi & Brothers Co (Kuwait)

### Kuwait prequalifies 5 consortiums for Kabd Municipal Solid Waste project

KAPP, in collaboration with the Kuwait's MEW has prequalified 5 consortiums for the Kabd Municipal Solid Waste project, which is being developed under a Public-Private Partnership (PPP) model. As mentioned in our previous edition – Issue 12, KAPP had invited companies to submit prequalification document for the Kabd project in the 2<sup>nd</sup> quarter of 2015.

The scope of the project is to design, build, finance, operate and transfer a facility to treat municipal solid waste with an initial capacity of 3,275 tonnes a day (t/d) and will treat up to half of Kuwait's municipal waste. The term of the project agreement will commence on financial close and expire 25 years after the anticipated date for the commencement of operations. It is anticipated that the construction period for the project will be approximately 4 years.

#### Prequalified bidders

- ❖ Constructions Industrielles de La Mediterranee (CNIM)/Gulf Investment Corporation (GIC)/Al-Mulla Group (Kuwait)
- ❖ EVN Umweltholding and Betriebs (Austria)/International Financial Advisors (IFA)/KCC Engineering & Contracting Co (Kuwait)/Steinmuller Babcock Environment (Germany)
- ❖ Urbaser (Spain)/Babcock & Wilson (US)/Veolia Proprete (France)/National Cleaning Company (Kuwait)
- ❖ Suez Environnement (France)/Itochu Corporation/Kharafi National Co (Kuwait)
- ❖ FCC Medio Ambiente (Spain)/Acwa Power (Saudi Arabia)/Beatona (Saudi Arabia)/Fouad Alghanim & Sons General Trading & Contracting Co (Kuwait)

### Kuwait prequalifies 7 consortiums for Al-Khiran 1 IWPP deal

KAPP has prequalified 7 consortiums to participate in the bidding process for the planned Al-Khairan Phase 1 Independent Water and Power Projects (IWPP) located in the Al-Khairan area, South of Kuwait.

As per news report, KAPP has prequalified the same groups for Al Zour North 2 IWPP on August 2015. KAPP had launched Expression of Interest (EOI) in the 1<sup>st</sup> quarter of 2014 for Al-Khiran 1 IWPP (as mentioned in one of our previous edition – Issue 6). The project will have a power generation capacity of 1,800MW and a water desalination capacity of 125 million gallons per day.

#### Prequalified bidders

- ❖ Abengoa (Spain)
- ❖ ACWA Power (Saudi Arabia)/Al-Mulla Group(Kuwait)
- ❖ Korea Electric Power Corporation (KEPCO) (South Korea)
- ❖ Marubeni Corporation (Japan)/Fouad al-Ghanim & Sons Group (Kuwait)
- ❖ Mitsubishi Motors (Japan)
- ❖ Mitsui Group (Japan)
- ❖ Sumitomo (Japan)

## A. KUWAIT AUTHORITY FOR PARTNERSHIP PROJECTS (KAPP) ... Contd.

### Kuwait prequalifies 7 consortiums for Service and Entertainment Center – Egaila project

KAPP, in collaboration with the Kuwait's Municipality (KM) has prequalified 7 consortiums for the development of the "Egaila" Services and Entertainment Center" located in the Egaila area, Al-Ahmadi. KAPP had launched Request for Qualification (RFQ) for the project in the 2<sup>nd</sup> quarter of 2015, as mentioned in our previous edition – Issue 12.

The term of the contract with the KM for the Project is expected to be 30 years including a maximum 3 years period for the design, financing and construction of all infrastructure assets.

The project has been allocated a total land area of 85,500 sqm. The scope of the project will involve design, finance, build, operate, maintain and transfer of the project to the government upon project completion.

#### 7 Prequalified bidders

- ❖ Mabanee Company
- ❖ United Building Company/Kuwait United Construction/ United Facilities Management Co /Dar SSH International Engineering Consultants
- ❖ A'ayan Real Estate Co
- ❖ National Real Estate Co
- ❖ Kuwait Real Estate Co/Alwafir Marketing Services Co
- ❖ Al-Qurain International/Kuwait Engineering Bureau
- ❖ Al-Kuthban al-Kuwaiti General Trading/Mudon Ahlia Real Estate Co

### Kuwait invites bid for Al-Zour North 2 IWPPs

KAPP, in collaboration with MEW has invited prequalified consortiums to collect tender documents for the proposed development of Al Zour North 2 Independent Water and Power Project (IWPP) by 28<sup>th</sup> September 2015. No bid deadline has yet been announced. As per news report, on August 2015, KAPP has prequalified 7 consortiums to tender for the project. KAPP has prequalified the same 7 consortiums for the Al-Khiran IWPP.

KAPP had invited Request of Qualification (RFQ) for the project in the 2<sup>nd</sup> Quarter of 2015 (as mentioned in our previous edition – Issue 11), were Al-Zour North 2 IWPP will have a power capacity of at least 1,500MW, to be provided through combined-cycle gas turbines, and a desalination capacity of 102 million imperial gallons a day (MIGD).

As with the first phase, the Al-Zour North phase 2 project will use natural gas as the main feedstock and gas oil will be provided by the MEW.

The project has fallen behind schedule, with developers having been invited to submit Expression of Interest (EOI) for the scheme in June 2013, as mentioned in one of our previous edition - Issue 4.

#### 7 Prequalified bidders

- ❖ Abengoa (Spain)
- ❖ ACWA Power (Saudi Arabia)/Al-Mulla Group (Kuwait)
- ❖ Korea Electric Power Corporation (KEPCO) (South Korea)
- ❖ Marubeni Corporation (Japan)/Fouad al-Ghanim & Sons Group (Kuwait)
- ❖ Mitsubishi Motors (Japan)
- ❖ Mitsui Group (Japan)
- ❖ Sumitomo (Japan)/Osaka Gas Company (Japan)/National Industries Holding Consortium (Kuwait)

### KAPP invites RFP investment opportunity for South Jahra Labor City project

KAPP, in collaboration with the Kuwait Municipality (KM) has invited companies to submit Request for Proposal (RFP) for transaction advisory services for the South Jahra Labor City project. KAPP has set 29<sup>th</sup> October 2015 as deadline for the submission of RFP.

The scope of work involves design, finance, construction, operation, maintenance and transfer of a 1,015,000 m2 labor city, which aims to provide adequate and affordable housing for 20,000 male, bachelor laborers. The term of the PPP agreement with the KM will be 40 years including a 3-year construction period.

## B. INFRASTRUCTURE AND DEVELOPMENTS PROJECTS

### MPW awarded KD 1.32 billion Terminal 2 deal

Kuwait's Ministry of Public Works (MPW) has awarded KD 1.32 billion (USD 4.3 billion) worth contract to a consortium of Kuwait's Kharafi National and Turkey's Limak Holding to build the retendered new Terminal 2 building at Kuwait International Airport on 17<sup>th</sup> August 2015.

The new Terminal 2 was retendered by MPW earlier this year, after it deemed the original offers as too high (as mentioned in our previous edition – Issue 11), the lowest bid exceeded the estimated cost of the project by 39% and did not meet technical specifications.

The new Terminal 2 is the largest component of the airport expansion project. The total investment in developing Kuwait International Airport is expected to reach USD 6 billion. In addition to the new terminal, an estimated KD 900 million (USD 3.2 billion) will be spent on widening runways, enhancing control tower facilities and building new cargo facilities

#### 3 lowest bidders for the Terminal 2 scheme

- ❖ Kharafi National Co (Kuwait)/Limak Holding Co (Turkey)
- ❖ Arabtec Construction (UAE)
- ❖ China State Construction Engineering Corporation (China)

### Kuwait extended deadline for airport building deal

The Directorate General of Civil Aviation (DGCA) has extended the bid deadline for a contract to build a passenger support building at Kuwait International Airport to 3<sup>rd</sup> November from 10<sup>th</sup> October 2015. As per news report, DGCA has prequalified 15 consortiums for the scheme in August 2015. The prequalification for the support building follows less than a week after the award of the KD 1.32 billion main terminal project, as mentioned above. The scheme is expected to commence within 450 days, or about 15 – 18 months from the date of contract signing.

The passenger support building will provide an additional capacity of up to 4.5 million passengers annually to support the existing terminal 1, until terminal 2 becomes operational by 2020. DGCA also had prequalified firms (as mentioned in our previous edition – Issue 12) for 3 packages of the expansion of the Kuwait International Airport. The work involves the construction of a runway, passage, aircraft hangars and roads.

#### 15 Prequalified consortiums

- ❖ China Communications Construction Co (China)/Kharafi National Co (Kuwait)
- ❖ Limak Holding (Turkey)/Mohd Abdul Mohsen al-Kharafi & Sons (Kuwait)
- ❖ TAV Construction (Turkey)/Bader al-Mulla & Bros (Kuwait)
- ❖ Larsen & Toubro (India)/Consolidated Contractors Co (CCC; Athens-based)
- ❖ Avic International Holding Corporation (China)/Al-Dar Engineering & Construction (Kuwait)
- ❖ Daewoo (South Korea)/Alghanim International (Kuwait)
- ❖ Obermeyer (Germany)/Arab Contractors (Kuwait)
- ❖ Metallurgical Corporation of China (China)/Khaled Ali al-Kharafi & Bros Construction Contracting Co (Kuwait)
- ❖ Sacyr + Tomaso de Oliveira (Portugal)/KCC Engineering & Contracting Company (Kuwait)
- ❖ China State Construction Engineering (China)/Bayan National Construction Contracting Co (Kuwait)
- ❖ Sinohydro (China)/Al-Hani Construction & Trading Co (Kuwait)
- ❖ Wehai International and Economic Technical Corporation (China)/Engineering Specialties Building General Contracting Co (Kuwait)
- ❖ Cengiz Insaat Sanayi Ve Ticareta (Turkey)/First General Trading & Contracting Co (Kuwait)
- ❖ Corsan Corviam Construction + Isolux (Spain) + Kolin (Turkey)/Al-Toubad General Trading & Contracting Co (Kuwait)
- ❖ Losberger RDS (France)/New Emirates Trading & Contracting Co (Kuwait)

## B. INFRASTRUCTURE AND DEVELOPMENTS PROJECTS... Contd.

### Kuwait awards USD 261.6 million sewage infrastructure project

Kuwait's Ministry of Public Works (MPW) has awarded 3 contracts aggregating a total of USD 261.6 million for sewage infrastructure projects. The largest of these is a KD 46 million (USD 152 million) contract awarded to Kuwait's Kharafi National to build a treated water transmission line from the data management centre to the Wafra pumping station in Kuwait City.

The second-largest contract is awarded to Kuwait's Combined Group Contracting Company to build sewage infrastructure in the Andalous area. The deal is estimated at KD 19.3 million.

The third Contract is estimated to cost KD 13.8 million, awarded to Kuwait's Green Line Contracting to build sewage infrastructure in the Gharnata and Sabah al-Naser areas. The Andalous and Gharnata to Sabah al-Naser projects are part of the 15th phase of the ministry's programme to expand and upgrade its sanitary network.

### Kuwait receives bid for New Maternity hospital project

Kuwait's Ministry of Public Works (MPW) has tendered the New Maternity Hospital project located in Shuwaikh area of Kuwait City. Italian firm, Impreza Pizzarotti has submitted the lowest bid of KD 220 million (USD 727 million) for the project.

As mentioned in our previous edition – Issue 12, the MPW had issued a tender for the hospital project. The project will have 600 beds for adult women and 216 neo-natal intensive care beds. It will be located adjacent to the existing maternity hospital and cover a total area of 2.2 million square feet over eleven stories. The work involves designing, constructing, equipping and maintaining the hospital.

### MPW moving ahead swiftly with major road projects

#### a) Kabd-Sulaibiya Highway (KSH)

Kuwait's Ministry of Public Works (MPW) has appointed Canada's WSP/Parsons Brinckerhoff for a major highways design project in Kuwait. The contract consists of developing concept and detailed designs to upgrade Kabd-Sulaibiya Highway (KSH) in the Kuwait Metropolitan Area. The contract also includes preparation of tender documents, undertake tender evaluation, and conduct construction supervision in the later stages of the road project.

Earlier in July 2015, (as mentioned in our previous edition – Issue 12), MPW had stated that 8 Kuwait based-prequalified companies were preparing to bid for 3 packages of road projects. The 3 packages aim to construct and rehabilitate the 30-kilometres Al-Ghouse road, which is part of Kuwait's primary road network hierarchy. It functions as a major collector road distributing local traffic and running parallel to major roads including the Fahaheel Expressway (route 30) and King Fahad bin Abdul Aziz road (route 40).

#### b) Sheikh Jaber al-Ahmed al-Sabah road project

A joint venture of India's Afcons and the Kuwait's Joint Scientific Group has submitted the lowest bid of USD 312 million for construction work on the Sheikh Jaber al-Ahmed al-Sabah road project in Kuwait.

The scope of work includes a 10-kilometre road featuring between 6 and 11 lanes, 4 interchanges, 10 bridges, sewerage systems and other associated infrastructure work. The client for the project is Kuwait's Ministry of Public Works (MPW). As mentioned in our previous edition – Issue 12, the scheme was tendered in June 2015 along with several other road and infrastructure schemes.

#### Lowest bidders for Sheikh Jaber al-Ahmed al-Sabah road project

- ❖ Afcons (India)/Joint Scientific Group (Kuwait) – USD 312 mn
- ❖ Combined Group Contracting Co (Kuwait) – USD 334 mn
- ❖ Consolidated Contractors Co (Athens-based, local subsidiary) – USD 348 mn
- ❖ Arab Contractors Co (Egypt)/Kuwait Arab Contractors (Kuwait) – USD 351 mn

## B. INFRASTRUCTURE AND DEVELOPMENTS PROJECTS... Contd.

### c) Saad al-Abdullah road to the Buhaith road

The Kuwait Company for Process Plant Construction & Contracting (KCPC) has submitted the lowest bid for the construction and rehabilitation work on Saad al-Abdullah road to the Buhaith road entrance in Kuwait.

The scheme also calls for the maintenance of rainwater sewage, sanitary and other associated utilities.

The client for the project is Kuwait Ministry of Public Works (MPW). As per news report, the scheme was tendered earlier this year along with several other road schemes, which address to ease traffic congestion in the Kuwait City, as well as develop and rehabilitate Kuwait's major roads, to facilitate increased passenger and trade movement by land.

#### Lowest bidders for Saad al-Abdullah road project

- ❖ Kuwait Company for Process Construction & Contracting Co - USD 324 mn
- ❖ Al-Ahmadiyah Contracting & Trading Co - USD 329 mn
- ❖ Combined Group Contracting Co - USD 329 mn
- ❖ Green Line General Trading & Contracting Co - USD 335 mn
- ❖ Mohammed Abdulmohsin al-Kharafi & Sons Co - USD 339 mn
- ❖ Consolidated Contractors Co (Athens-based; Kuwait subsidiary) - USD 344 mn

### d) 7<sup>th</sup> ring road project

Kuwait's Ministry of Public Works (MPW) has received bids from 10 joint ventures for the development and upgrade of its existing 7<sup>th</sup> Ring Road. A joint venture (JV) of China's Synohydro and Kuwait's Copri Construction Projects has submitted the lowest bid valued at USD 221 million for the scheme.

The scheme is 21.8km project features access roads and 7 interchanges, as well as intelligent traffic control systems, traffic signs and markings and related utility networks. The 7<sup>th</sup> Ring Road project is in line with the ministry's plan to develop the regional roads in the South of Kuwait to facilitate the growth of trade within GCC states.

#### 10 lowest bidders for 7<sup>th</sup> Ring Road Project

- ❖ Synohydro (China) and Contractor Copri Construction Projects (Kuwait) - USD 221 mn
- ❖ China Railway 18th Bureau Ggroup (China)/Mohammed Abdulmohsin al-Kharafi and Sons (Kuwait) - USD 226 mn
- ❖ Afcons Infrastructure (India)/Joint Scientific Group General Contracting (Kuwait) - USD 228 mn
- ❖ Sezai Turkes Feyzi (STFA A Akkaya Insaat) (Turkey)/Canar Trading and Contracting Co (Kuwait) - USD 243 mn
- ❖ China Railway International (China)/Abu Shaiba General Trading and Contracting Co (Kuwait) - USD 260 mn
- ❖ China First Highway Engineering (China)/Combined Group Contracting Co (Kuwait) - USD 262 mn
- ❖ Consolidated Contractors Group (CCC) (Lebanon)/Consolidated Contractors Co (Kuwait subsidiary) - USD 269 mn
- ❖ Cengiz Insaat (Turkey)/First Kuwait General Trading Co (Kuwait) - USD 271 mn
- ❖ Arab Contractors Osman Ahmed Osman Company (Egypt)/Arab Kuwait Contractors (Kuwait) - USD 278 mn
- ❖ China State Construction Engineering Corporation (China)/Al-Roumi Trading & Contracting (Kuwait) - USD 304 mn

### e) Al-Nuwaseeb road project

Kuwait's Ministry of Public Works (MPW) has awarded contract worth KD 169 million (USD 559 million) to a joint venture (JV) of Egypt's Arab Contractors Osman Ahmed Osman and Kuwait's Arab Kuwait Contractors for the upgrade of Al-Nawaseeb Road also known as "Route 40" project.

The scheme entails the construction of a 6-lane, 37-kilometre road featuring multi-level intersections and a detour bridge. It also entails the supply of traffic control and signaling systems, as well as associated facilities.

#### Bidders for Al-Nawaseeb road project

- ❖ Arab Contractors Osman Ahmed Osman (Egypt) / Arab Kuwait Contractors (Kuwait) - USD 559 mn
- ❖ China First Highway Engineering (China) / Combined Group Contracting Company (Kuwait) - USD 600 mn
- ❖ Consolidated Contractors Company (Athens-based) - USD 710 mn



### C. OIL & GAS SECTOR PROJECTS

#### Kuwait Oil Company (KOC) awarded KD 1,060.8 million worth contract during the 3<sup>rd</sup> quarter of 2015

State upstream operator, Kuwait Oil Company (KOC) awarded around KD 1,060.8 million worth contracts in total during the 3<sup>rd</sup> quarter of 2015 over 63 different work requests, which is higher than the KD 132.11 million during the 2<sup>nd</sup> quarter of 2015 with 39 contracts.

#### Major KOC contracts (above KD 4 million) awarded in 3<sup>rd</sup> quarter 2015

Contractor	Description	Contract Value (KD Million)
Grey Wolf Drilling International Ltd.	Supply of 3000 HP Rigs for Drilling Operations - 2 contracts	115.05
GS Engg & Construction Corporation	New Water Centre in North Kuwait	92.37
Burgan Co for Well Drilling Trdg & Maint	Supply of 3000 HP Rigs for Drilling Operations - 3 contracts	91.08
Gulf Spic General Trading & Contracting Co	Comprehensive Maintenance of Gas Facilities in KOC	76.89
SAIPEM S.p.a.	Supply of 3000 HP Rigs for Drilling Operations - 2 contracts	76.74
NABORS Drilling International Ltd	"	74.17
Kharafi National KSCC	Maintenance Services of Production Facilities for East Kuwait	43.45
Kuwait Drilling Company	Supply of 3000 HP Rigs for Drilling Operations - 2 contracts	34.08
Utilities Development Company	Design, Procurement & Construction of a Brine Pumping Facility at Sulaibiya Waste Water Treatment Plant (SWWTP)	34.01
Kuwait Drilling Co	Supply of 3000 HP Rigs for Drilling Operations	33.37
Gulf Spic General Trading & Contracting Co	Maintenance Services of Production Facilities for South Kuwait	32.70
Kuwait Drilling Co	Supply of 3000 HP Rigs for Drilling Operations	29.97
BJ Services Company Middle East SARL	Supply of Coiled Tubing, Pumping, Nitrogen Lifting & Associated Services	26.75
Halliburton Overseas Ltd	"	25.96
Dowell Schlumberger Corporation	"	25.96
Gulf Drilling & Maint Co (GDMC)	"	24.09
National Petroleum Services Company (NAPESCO)	"	24.09
Cementaciones Petroleras Venezolanas, S.A. (CPVEN S.A.)	"	16.79
Weafri Well Services Company Limited	"	16.79
NABORS Drilling International Ltd	Supply of 3000 HP Rigs (6 Nos.) for Drilling Operations	16.33
Al-Wazzan trading & Catering Services Co	Catering & Other Related Services	13.29
Gulf Drilling & Maint Co (GDMC)	Well Testing and Associated Services	11.42
Schlumberger Oilfield Eastern Ltd	"	11.42
Al-Mansoori Production Services LLC	Well Testing and Associated Services (Scope A)	11.42
Expertest Pty Ltd	"	11.42
SPETCO International Petroleum Co	"	11.42
Hot Engineering and Construction Company (K.S.C.)	Design & Installation of Oil Containment and Detection Systems for the Pipe Lines from the NTF to the North Pier	10.59
Tariq Al-Ghanim General Trading & Contracting Co.	Maintenance Services for Storage Tanks in KOC Facilities	9.90
Challenger Limited	Supply of Pulling Units (4x550HP) and WO Rigs (4x750HP) for Workover Operations	8.47
International Naval Works	Provision of Offshore Support Services for Marine Operations - Vessel I	5.93
Al-Suhoub Trading & Contracting Company	Gas Emission Control works at Company Township in Ahmadi	4.86
Kuwait Drilling Company	Water Well Drilling	4.76
Al-Ghanim Intl Gen Trdg & Contg Co WLL	Environment Rehabilitation Programme Under UN Legislation for Indemnification	4.64
Turki Al-Dabbous & Sons Company	Maintenance Services for Company Premises Part-I	4.30

Source: Kuwait Oil Company (KOC)

## C. OIL & GAS SECTOR PROJECTS... Contd.

### Kuwait delays gas import terminal bid deadline

Kuwait National Petroleum Company (KNPC) has pushed back the deadline to 10<sup>th</sup> November from 29<sup>th</sup> September for bids for the planned Liquefied Natural Gas (LNG) import terminal to be built near town of Al-Zour in the Kuwaiti of the Divided Zone, which is shared with Saudi Arabia.

The postponement comes after 2 prequalified consortiums bidding asked for a 3-month extension for the project deadline. Thirteen consortiums (as mentioned in our previous edition - Issue 12) were prequalified for the project in April 2015.

The scope of work includes:

- ❖ Marine facilities for two berths to unload (simultaneously) big-size LNG carriers
- ❖ Regasification plant of 1,500 billion btu/d capacity
- ❖ Pipeline connections between the import and the existing pipeline system
- ❖ Four LNG storage tanks of approximately 225,500-cubic-metre working capacity each
- ❖ Metering system, pig launcher/receiver, NG send-out pipelines, tie-in with KOC Gas Network
- ❖ Start-up, training of plant operators and plant testing leading to provisional acceptance.

#### 2 consortiums that requested for extension

- ❖ Tecnicas Reunidas (Spain)/GS Engineering & Construction Co (E&C; South Korea)
- ❖ Petrofac International (London-based)/Black and Veatch International (US)/Entrepose Projects (France)/Vinc Construction Grands Projects (France)

### Kuwait delays its Jurassic gas deal

Kuwait Oil Company (KOC) has given contractors more time to submit bids on its project to develop Kuwait's East Raudhatain, West Raudhatain, West Sabriya and Umm Niqa oil and gas fields in its Jurassic basin.

On August 2015, the tender was released. KOC prequalified a total of 16 companies to bid for the project. Bids were originally due on 29<sup>th</sup> September 2015 and had extended to 11<sup>th</sup> October 2015, now the new bid deadline is 27<sup>th</sup> October 2015.

The scheme will be divided into 3 packages and each package will have a target capacity of 40,000 barrels of oil equivalent a day (boe/d). The deal worth is estimated USD 1.17 billion for the 3 packages.

As per news report, KOC is also planning to tender a second Jurassic field development project, with a capacity of 150,000 boe/d during in the first half of 2016. US engineering consultancy Flour is carrying out the design work for both schemes.

#### Prequalified bidders

- ❖ ABB (Switzerland-headquartered)
- ❖ Al-Khorayef Commercial (Saudi Arabia)
- ❖ China Petroleum Engineering and Construction Corporation (China)
- ❖ Consolidated Contractors Co (Athens-based)
- ❖ Daewoo Engineering & Construction (South Korea)
- ❖ Gulf Drilling & Maintenance Co (GDMC) (Kuwait)
- ❖ GS Engineering & Construction (South Korea)
- ❖ JGC Corporation (Japan)
- ❖ Process Unlimited (US)/Al-Rashed Group (Kuwait)
- ❖ Saipem (Italy)
- ❖ Samsung Engineering (South Korea)
- ❖ Schlumberger Oilfield Eastern (US)
- ❖ SK E&C (South Korea)
- ❖ SNC Lavalin UK (Canada-listed)
- ❖ Tecnicas Reunidas (Spain)
- ❖ Technip Germany (France-listed)

### Kuwait tender Matlaa depot project

Kuwait's National Petroleum Company (KNPC) is preparing to tender the engineering, procurement and construction (EPC) contract for the local marketing depot at Matlaa. The project is estimated to be valued at USD 798 million.

UK- based project management consultant Amec Foster Wheeler is currently finalising the front-end engineering and design (feed) for the project in liaison with governmental agencies and Kuwait's municipality. The aims of the planned depot is to meet the growing demand for petroleum products in the local market as well as cutting transportation costs and maintaining strategic stocks in depots as per KPC recommendations.

### C. OIL & GAS SECTOR PROJECTS... Contd.

#### Kuwait to tender Sulphur handling deal

Kuwait National Petroleum Company (KNPC) is preparing to tender an estimated USD 50 – USD 150 million contract to construct facilities to handle molten sulphur at the Mina al-Ahmadi refinery. A request for Expression of Interests (EOIs) in the scheme has been sent to engineering, procurement and construction (EPC) contractors.

The new scheme is connected to a previous contract to build the new sulphur-handling and ship-loading facilities at Mina al-Ahmadi refinery, which was won by South Korea's Daelim in 2013, as mentioned in one of our previous edition – Issue 4.

#### Kuwait's CFP substation package deal on schedule

Kuwait's Clean Fuels Project (CFP) substation package is scheduled to be completed by January 2016. In July 2013 (as mentioned in one of our previous edition – Issue 3), KNPC had awarded the contract worth USD 239.5 million to Germany's Siemens Company, beating rival proposals from 7 other prequalified firms in November 2012.

The project scope of work includes the installation of a 132kv substation at Mina al-Ahmadi and a 300/132kv substation at Mina Abdullah for the supporting systems in the CFP. As per news report, Kuwait's Clean Fuels Project is 27% complete as of July 2015.

#### Kuwait mulls to award Al-Zour package 5

Kuwait is to sign the contracts for the five Al-Zour New Refinery (NRP) engineering, procurement and construction (EPC) contracts on 13<sup>th</sup> October 2015. As per news report, the final EPC contract on the project was awarded to a consortium of Italy's Saipem and India's Essar in August 2015.

The five Al-Zour NRP packages (as mentioned in our previous edition – Issue 11) was scheduled to be awarded in early May 2015, but insiders expecting delays due to the ongoing debate about pricing. The five packages are estimated to be valued at USD 13 billion.

The five packages New Refinery Project (NRP) scope of work includes:

- ❖ The EPC contracts for Al-Zour Package 1 and 2 are estimated to cost KD 1,745 million. The Package 1 consists of process plant and has been awarded to a consortium consisting of Spain's Technicas Reunidas and China's Sinopec Engineering and South Korea's Hanwha E&C. Package 2 consists of process plant.
- ❖ Package 3, consists of offsites and utilities were both awarded to a consortium consisting of US's Fluor, South Korea's Hyundai Heavy Industries and South Korea's Daewoo Engineering.
- ❖ Package 4, is estimated to cost KD 475 million (USD 1.57 billion) and includes the construction of tanks, piping and underground works. Package 4 was retendered in May, as mentioned in our previous edition – Issue 12.
- ❖ The Package 5, is estimated to cost KD 454 million, consists of marine facilities and was awarded to a consortium consisting of South Korea's Hyundai E&C, South Korea's SK E&C and Italy's Saipem.

As per news report, Kuwait's Central Tender Committee (CTC) has named the bid winners for Packages 1, 2, 3 and 5 on 28<sup>th</sup> July 2015, aggregating to cost USD 11.5 billion.

### C. OIL & GAS SECTOR PROJECTS... Contd.

#### KPC retender USD 800 million new pipeline

Kuwait Petroleum Corporation (KPC) has approved the retender of the USD 800 million Al-Zour feed pipelines. As mentioned in our previous edition – Issue 12, Indian firm Larsen & Toubro (L&T) submitted the lowest bid on the project. Currently, KPC is considering re-tendering the contract or inviting the pre-qualified contractors to bid again to ensure transparency following the withdrawal of Larsen & Toubro (L&T) due to the refusal of its Kuwait partner to extend the bank guarantee for the project.

However, approval from Kuwait's Central Tenders Committee (CTC) is still required before the retender can be issued.

The scope of work involves the construction of about 250 km of crude oil feedstock pipelines that will serve the planned 615,000 b/d greenfield refinery at Al-Zour in Southern Kuwait.

The retender has seen delays due to disagreements over which companies should be eligible to bid.

#### Contractors invited to participate in tender

- ❖ Saipem (Italy)
- ❖ Daelim Industrial (South Korea)
- ❖ Consolidated Contractors Company (Athens-based)
- ❖ GS Engineering & Construction (South Korea)
- ❖ SK Engineering & Construction (South Korea)
- ❖ Technicas Reunidas (Spain)
- ❖ Dodsal (UAE)
- ❖ Petrofac (UK)

#### Kuwait awards 50MW Solar plant

Kuwait's Ministry of Electricity & Water (MEW) has awarded a contract worth USD 385 million to a consortium of Spain's TSK Electronica and Kuwait's Kharafi National to build a 50MW Concentrated Solar Power (CSP) plant at Shagaya renewable energy park.

The TSK-led group had submitted the low bid for the scheme (as mentioned in our previous edition – Issue 12), The 50MW CSP project is being developed jointly with Kuwait Institute for Scientific Research (KISR). The solar plant is scheduled to come online in December 2017.

The project scope of work involves the development of renewable energy projects at Shagaya Renewable Energy Park, as a measure to curb problems arise from power generated by conventional resources.

#### KOC to sign Water Centre in North Kuwait

Kuwait Oil Company (KOC) and South Korea's GS Engineering & Construction (GS E&C) is set to sign the engineering, procurement, and construction (EPC) contract for the North Kuwait Water Network project on 15<sup>th</sup> September 2015. GS E&C had submitted the lowest bid of KD 92.4 million (USD 305.9 million) for the North Kuwait Water Centre project, which has been tendered by KOC in August, as mentioned in our previous edition – Issue 12.

A total of 6 companies were expected to bid for the scheme, but only 3 have submitted prices. The project is part of a larger restructuring of Kuwait's water network, with an estimated budget cost of KD 99.96 million. The project will connect 3 gathering centres, known as GC29, GC30 and GC31.

## D. OTHER SECTOR'S PROJECTS

### Kuwait awards KD 117.3 million Doha desalination plant

Kuwait's Ministry of Electricity & Water (MEW) has awarded a contract worth KD 117.3 million (USD 388 million) to a consortium of South Korea's Doosan Heavy Industries Company and Kuwait's Al-Omar Trading & Contracting Company to build a new reverse osmosis (RO) desalination plant in the Doha area of Kuwait.

Doosan's winning bid was almost 10% higher than the KD 105.8 million bid submitted by the consortium of Spain's Abeinsa and Kuwait's Gharnata International General Trading & Contracting Company. MEW received bids from 6 consortiums on 9<sup>th</sup> June 2015 for the engineering, procurement and construction (EPC) contract, as mentioned in our previous edition – Issue 12.

The project is part of Kuwait's efforts to expand its desalination capacity to cope with increasing demand from rapid population growth

### Kuwait to build 14 substations at refinery

Kuwait National Petroleum Company (KNPC) is planning to tender the construction of 14 substations located at the Mina al-Ahmadi refinery in late 2015 or 2016. The new substation will replace old substations that have been deemed "old and obsolete" by KNPC.

The project management consultant for the scheme is UK-based Amec Foster Wheeler. The plans to tender the 14 substations scheme come in the wake of a contract awarded in May 2015 that saw India's Larsen & Toubro contract to build a substation at the Mina al-Ahmadi refinery, as mentioned in our previous edition – Issue 12.

### KIPCO intends to develop Kuwait's major real estate scheme

Kuwait Projects Company (KIPCO) has announced the development of a USD 5 billion major real estate scheme to be built near Kuwait City. The project entails to develop a 380,000 sqm mixed use project that will be made up of residential and commercial space as well as associated infrastructure, such as connecting roads and electricity.

As per news report, KIPCO is set to submit the plans to regulators in the coming days with the implementation of the project expected before the end of the year.

### Drake & Scull awarded USD 59 million contract in Kuwait

Dubai-based Drake & Scull International (DSE)'s Kuwait subsidiary has been awarded a contract worth USD 59 million (AED 218 million) to undertake Mechanical, Electrical and Plumbing (MEP) works for an upcoming educational institution in Kuwait, slated for completion in 2018. The name of the upcoming institution was not revealed.

Under the contract, DSE will undertake construction, operation and maintenance of electrical works including power, light, audio-visual system, fire alarm system and all low voltage works.

### Al-Ghanim to sign oil clean-up contract

The Kuwait National Focal Point (KNFP) is set to award a contract to Kuwait's Al-Ghanim International to excavate, transport, and dump around 500,000 cubic metres of contaminated soil from South East Kuwait. KNFP is the central committee to supervise the implementation of the projects related to environmental remediation.

In January 2015, as mentioned in our previous edition – Issue 11, KNFP had intended to invites companies to bid for the package to clean up polluted soil and lakes of crude oil using specialist technology in the North of Kuwait in the first quarter of 2015.

The deal is part of Kuwait Environmental Public Authority's (KEPA) USD 2.9 billion scheme to clean up pollution from the First Gulf War known as Kuwait Environmental Remediation Project (KERP).

## D. OTHER SECTOR'S PROJECTS... Contd.

### Kuwait approves KD 3 billion power and water deal

Kuwait's Finance Ministry (MOF) has approved the KD 3 billion (USD 9.9 billion) contract for the construction of a series of power plants, desalination and wastewater projects on 15<sup>th</sup> August 2015.

The project will boost Kuwait's generating capacity by about 3,850MW in addition to increasing Kuwait's desalination and wastewater plant capacities. As per news report, MOF did not set timescale for most of the initiatives, except for a sewage plant which will start by 2020. MOF is also undisclosed how the projects will be funded beyond saying 50% of the project finance will be raised through stock market offerings.

### MEW extended deadline for Subiya plant expansion

Kuwait's MEW has further extended the bid deadline for the expansion of the generation capacity of the Subiya power and desalination plant located at Subiya area. The deadline for submission of bids is due on 6<sup>th</sup> December 2015, which was initially scheduled 2<sup>nd</sup> August 2015.

The contract scope involves supply, installation, operation and maintenance of project for converting the second phase of Gas Turbines at Subiya station into Combined Rotation System. The project is part of Kuwait's plans to boost its generating capacity, currently experiencing a rapid growth in demand for electricity.

### Contractors start work on wastewater project

Kuwait contractors have started works on the contract to build the main wastewater line in the Surra area. The project will involve installing a new main wastewater gravity line along the 4<sup>th</sup> Ring Road from Surra to the A7 pumping station, located in the Al-Riggae area using the microtunnelling technique. The line will collect wastewater flows generated from residential and commercial areas along the line route and direct flow to the A7 pumping station. The project route will have 7 connection points, with pipelines with a diameter of 600 millimeters connected to the main sewage line across the 4<sup>th</sup> Ring Road using microtunnelling.

Kuwait Ministry of Public Works (MPW) is the client for the project. MPW (as mentioned in our previous edition – Issue 11), had awarded Kuwait's Kharafi National to expand the wastewater treatment reclamation plant in Kuwait. The project will enhance its production capacity from 375,000 to 600,000 cubic meters per day (cm/d).

### Kuwait signs MoU for supply of 28 Eurofighter Typhoons

Kuwaiti government and the Eurofighter partner Italy (Finmeccania SpA, through its subsidiary Alenia Aermacchi) has signed a Memorandum of Understanding (MoU) to buy 28 Eurofighter jets worth up to USD 9 billion (8 billion Euros) deal.

As per news report, Finmeccanica was the leading partner of the Kuwait deal and expected to get over 50% of its value. The agreement will include future maintenance services, was for 28 jets, of which are 22 single seaters and 6 double seaters. Kuwait and other Gulf and Middle Eastern countries are looking to acquire new high-tech military equipment to upgrade their defences.

### Kuwait, Vatican signs MoUs

The Kuwaiti and Vatican government has signed Memorandum of Understanding (MoU) over mutual understanding between the two countries. The agreement aims on boosting bilateral ties and broadening cooperation to promote development in economic relations and affirming ties of friendship.

The minutes of meeting also tackled the contribution of Christian minority in Kuwait's economic development and the education in promoting culture of respect and peaceful coexistence between different peoples and religions.

The deals were signed by Kuwait's First deputy Prime Minister and Minister of Foreign Affairs Sheikh Sabah Khalid Al-Hamad Al-Sabah and Vatican Secretary for Relations with States Archbishop Paul R. Gallagher.

### SUMMARY - MAJOR PROJECTS AWARDED IN Q3 2015

Kuwait's project market showed an exceptional performance in terms of the contracts awarded for the New Airport Terminal 2, the New Refinery (NRP) at Al-Zour, 3 sewage infrastructure contracts as well as road upgrades in southern Kuwait. The following are the major projects awarded, excluding the KOC projects, in 3<sup>rd</sup> quarter 2015:

#### Major contracts awarded in 3<sup>rd</sup> quarter 2015 (in addition to KOC)

No.	Project Name	Contractor	Contract Value (KD Million)
1	Kuwait International Airport Terminal 2	Limak Holding (Turkey)/Kharafi National (Kuwait)	1,320
2	Sewage Infrastructure Project		
	a) Wafra pumping station	Kharafi National	46.00
	b) Andalous area	Combined Group Contracting Company	19.30
	c) Gharnata and Sabah al-Nasser area	Green Line Contracting Company	13.80
3	Kabd-Sulaibiya Highway (KSH)	WSP/Parsons Brinckerhoff (Canada)	N/A
4	Al-Nuwaseeb road project	Arab Contractors Osman Ahmed Osman (Egypt)/ Arab Kuwait Contractors (Kuwait)	169.00
5	New Refinery Project (NRP) - Package 1, 2, 3 & 5		
	a) Package 1 & 2	Technicas Reunidas (Spain)/ Sinopec Engineering (China)/ Hanwha E&C (South Korea)	1,745.00
	b) Package 3	Fluor Corporation (US)/Hyundai Heavy Industries (South Korea)/Daewoo Engineering (South Korea)	N/A
	c) Package 5	Hyundai E&C (South Korea)/ SK E&C (South Korea)/Saipem (Italy)	454.00
6	50 MW CSP Project at Shagaya renewable energy park	TSK Electronica (Spain)/Kharafi National (Kuwait)	385.00
7	Doha desalination plant	Doosan Heavy Industries Company (South Korea)/Al-Omar Trading & Contracting Company (Kuwait)	117.30
8	Educational institution's MEP works	Drake & Scull International (Kuwait)	59.00

**Disclaimer:**

RSM Albazie Consulting W.L.L. is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm, each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association, 2015

**RSM Albazie Consulting W.L.L.**

Arraya Tower 2, Floors 41 & 42  
Abdulaziz Hamad Alsaqar St., Sharq  
P.O.Box 2115, Safat 13022, State of Kuwait

T +965 22961000

F +965 2412761

E: [cf@rsm.com.kw](mailto:cf@rsm.com.kw)

[www.rsm.global/kuwait](http://www.rsm.global/kuwait)