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KUWAIT QUARTERLY NEWSLETTER

ECONOMY & PROJECTS UPDATE – ISSUE 14

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The inflation levels measured by consumer price index (CPI) eased to 3.1% in November 2015 as compared to 3.8% in August 2015.

- ❖ Food and beverages inflation fell to reach 4.3%YoY in November as compared to 5.6% YoY in August 2015. The decrease was in line with declining trends in international food prices, precipitated by declining oil prices.
- ❖ The prices of tobacco & narcotics remained stable at 1.5% over the last 3 months. Similarly, housing services and education was at 5.7% and 2.7% YoY respectively in November 2015.
- ❖ The components of clothing & footwear and recreation & culture also trended lower to 1.0% and 0.5% YoY, respectively, in November as compared to 1.8% and 0.9%YoY in August 2015.
- ❖ Also, minimum deflation was witnessed in furnishing equipment & household maintenance, health, and transport categories of 2.7%, 1.3% and 0.1% YoY, respectively, in November as compared to 3.6%, 2.0% and 0.6% YoY in August 2015. However, communication, restaurant & hotels component showed an upward pressure and miscellaneous goods & services remained stable during the same period.

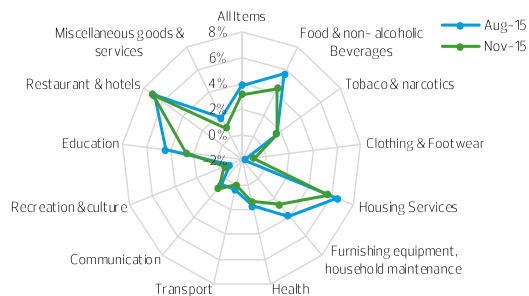
The decline in sight deposits and quasi money weakened the money supply

- ❖ The broader measure of money (M2) reduced by KD 0.82 billion from August to reach KD 33.5 billion in November 2015, with an YoY growth of 0.8%. The narrower measure (M1) reduced to KD 73.7 billion during the same period. The reduction in M2 is mainly attributed to the reduction in sight deposits by 1.5% or KD 117 billion from August to reach KD 7.62 billion in November.
- ❖ Credit facilities maintained healthy growth with 6.5% YoY rise as of November, gaining KD 0.86 billion from August. The personal facilities were up by KD 0.52 billion during the same period mainly due to increase in installment loans by KD 0.37 billion.
- ❖ Bank deposits at local banks increased in November by 0.6% YoY, to reach KD 37.9 billion. Private sector deposits constitutes 84.8% of bank deposit base at KD 32.1billion in November 2015.

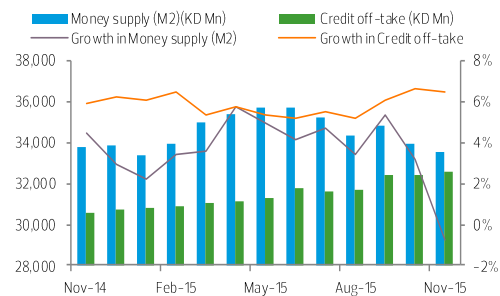
Kuwait export oil price weakened in November

- ❖ In December 2015, Kuwait oil export price weakened to reach USD 31.49 per barrel down from USD 44.96 per barrel in September 2015. The sharp drop in prices were pressured by combination of persistent over-supply, slowing demand growth, continuing stocks builds and a stronger US dollar added further downward pressure to global oil prices.
- ❖ Kuwait's crude oil production averaged 2.708 million barrels per day (mb/d) in November, a decrease of 0.02 mb/d from September 2015.
- ❖ Kuwait contributed around 8.4% to the total OPEC production in December 2015.

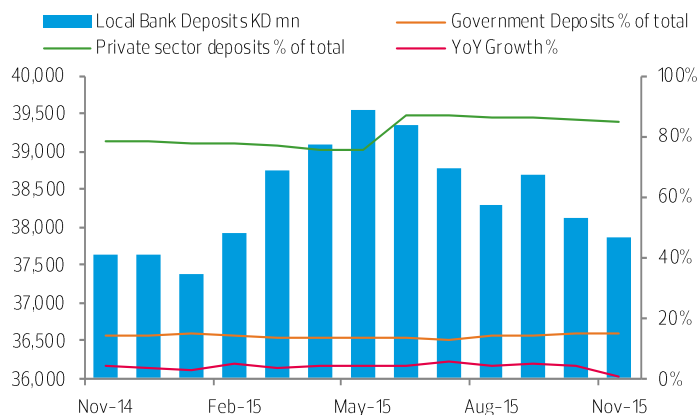
Inflation



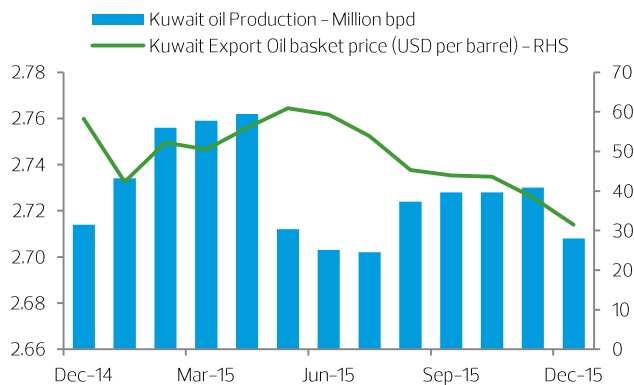
Growth in Money supply and credit off-take



Local Bank Deposits



Monthly production and Oil price



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
Project updates in 4th quarter 2015					
1 Kuwait National Rail Road (KNRR)	Transportation	10,000	Feasibility studies completed, preparation for prequalification	2010	2017
2 Kuwait Metropolitan Rapid Transit System (KMRT)	Transportation	7,000	Feasibility studies completed, preparation for prequalification	2012	2020
3 Umm Al-Hayman Waste Water Treatment Plant (WWTP)	Water & Wastewater Management	1,190	Request for Proposal (RFP)	N/A	N/A
4 Al-Abdaliyah Integrated Solar Combined Cycle (ISCC)	Power	720	Request for Proposal (RFP)	2008	2015
5 South Al-Jahra Labor City	Real Estate Development	500	Request for Proposal (RFP)	2012	2017
6 Al-Khairan Independent Water and Power Project (IWPP)	Power	200	Preparing to issue RFP	2012	N/A
7 Municipal Solid Waste Treatment Facility – Kabd Location	Solid Waste Management	100	Request for Proposal (RFP)	2012	2015
8 Al-Zour North Independent Water and Power Project (IWPP) – (Phase 2)	Power	N/A	Prequalified 7 Consortiums	2010	2018
9 Kuwait Schools Development Program	Education	N/A	Request for Proposal (RFP)	2012	2015
Other projects as mentioned in our previous edition					
10 Kuwait Failaka Island Development	Real Estate Development	3,300	Consultancy Bids under Evaluation	2013	2016
11 Al-Zour North Independent Water and Power Project (IWPP) (Phase 1)	Power	2,700	Financial Closure	2010	2016
12 Rest Houses And Doha Chalet's Service Centers	Real Estate Development	50	Pre-tendering	2012	N/A
13 Service and Entertainment Center – Egaila	Real Estate	N/A	Prequalified 7 Consortiums	N/A	N/A
14 New Physical Medicine and Rehabilitation Hospital	Health	N/A	Cancelled by PTB	N/A	N/A
15 Commercial, Educational, Cultural and Entertainment Center in Abdulla Al Ahmad Street	Real Estate Development	N/A	Pre-tendering	N/A	N/A
16 Kuwait Public Post Office	Communication	N/A	TA Procurement	N/A	N/A
17 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.

KAPP invites RFP for Kuwait Schools PPP Development Program

KAPP, in collaboration with Ministry of Education (MOE) has invited prequalified consortiums to submit a response to the Request for Proposal (RFPs) for the Kuwait Schools PPP Development Program covering development of schools on state owned properties located in Al Asema, Al Ahmadi, Hawali and Mubarak Al Kabeer districts of Kuwait. KAPP has set 14th February 2016 as deadline for the submission of RFP. We anticipate an extension to the deadline will be granted.

The scope of work involves design, built, finance, operate and transfer of 9 schools (5 Kindergartens, 3 Elementary and 1 Middle School) and 1 Olympic-size swimming pool. The new school shall have a combined capacity of 4,350 students and the Olympic size swimming pool will comprise 10 lanes.

3 Prequalified consortiums for Kuwait Schools PPP Development Program

- ❖ **CCC consortium** – Consolidated Contractors Company (Athens-based)/Privatization Holding Company (Kuwait)/National Industries Group Holding (Kuwait) and the Morganti Group, Inc (US)
- ❖ **Alargan consortium** – Alargan International Real Estate Co (Kuwait)/KSCP (Germany)/Alargan Real Estate Project Management (Kuwait)/Alargan Gulf Real Estate Co (Kuwait)/Index Trading & Contracting Co for Precast & GRC (Kuwait)/Mohammed Abdulkhader Ibrahim Consultant and KFM Holding (Malaysia)
- ❖ **KSDP consortium** – United Real Estate Company S.A.K.P (Kuwait)/Projacs International Project Management Co (Bahrain)/Dar SSH International Engineering Consultants WLL (Kuwait)/United Building Company (Kuwait) and United Facilities Management Co (Kuwait)

Kuwait has set bid submission deadline for Al-Zour North 2 IWPPs

KAPP has set 17th January 2016 as deadline for the submission of bids for the contract to develop the Al-Zour North 2 Independent Water and Power Project (IWPP). The project 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).

In August 2015, (as mentioned in our previous edition – Issue 13), KAPP, in collaboration with MEW had prequalified 7 consortiums and the groups were invited to collect tender documents for the proposed development of Al Zour North 2 IWPP in September 2015. Meanwhile, as per news report, Al-Zour North 1 is currently producing about 780MW of power and expected to reach commercial operation in November 2016. The construction is running about 6% ahead of schedule.

KAPP invites bid for South Jahra Labor City project

KAPP in collaboration with the Kuwait Municipality (KM) has once again invited companies to submit Request for Proposal (RFPs) for Transaction Advisory Services for the South Jahra Labor City project. KAPP has set 1st March 2016 as new deadline for the submission of RFP, which was initially scheduled 29th October 2015 (as mentioned in our previous edition – Issue 13).

The scope of work involves design, financing, 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.

Kuwait to tender Al-Khairan 1 – IWPPs deal

KAPP, is preparing to issue tenders for the prequalified consortiums for the planned Al-Khairan Phase 1 Independent Water and Power Projects (IWPPs) during the Q1 of 2016. The Al-Khairan 1 will be located in the Al-Khairan area, South of Kuwait.

As mentioned in our previous edition – Issue 13, KAPP had prequalified 7 consortiums to participate in the bidding process for the planned Al-Khairan Phase 1- IWPPs. The project will have a power generation capacity of 1,500MW and a water desalination capacity of 125 million gallons per day (MIGD).

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

Kuwait invites bid for Al-Abdaliyah ISCC project

KAPP in collaboration with Ministry of Electricity and Water (MEW) has invited prequalified consortiums to submit Request for Proposal (RFPs) for the contract to develop the Al-Abdaliyah Integrated Solar Combined Cycle Power (ISCC) project to be located in Al-Abdaliyah in Southwest Kuwait. KAPP has set 17th March 2016 as deadline for the bid submission.

As mentioned in our previous edition – Issue 13, KAPP had prequalified 7 consortiums for the Al-Abdaliyah ISCC facility in August 2015. The ISCC project involves developing an Integrated Solar Combined Cycle plant to generate power with a capacity of 280MW, including a 60MW solar energy component on Build Own Operate and Transfer (BOT) basis.

Kuwait issued RFP for Kabd Municipal Solid Waste project

KAPP in collaboration with MEW has issued Request for Proposals (RFPs) for the contract to develop the Kabd Municipal Solid Waste Project, which is being developed under a Public-Private Partnership (PPP) model. The deadline is set on 24th March 2016.

In August 2015, (as mentioned in our previous edition – Issue 13), KAPP had prequalified 5 consortiums for the Kabd Municipal Solid Waste project. The scheme is part of the Kuwaiti government's efforts to increase power generating capacity in the country, from the current 14,000MW in 2015 to 31,000MW by 2023.

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.

Kuwait issued RFP for Umm al-Hayman Waste Water project

KAPP, in collaboration with the Ministry of Public Works (MPW) has issued Request for Proposals (RFPs) to prequalified consortiums for the Umm al-Hayman waste water treatment plant. KAPP has set 29th February as deadline for the submission of RFP.

As mentioned in one of our previous edition – Issue 12, KAPP had reopened the prequalification process for the wastewater project in Q2 2015. A total of 5 consortiums have been shortlisted to develop the scheme.

The scope of work involves design, financing, building, operation and maintenance of a new Wastewater Treatment Plant (WWTP) with an initial treatment capacity of 500,000 cubic metres a day (cm/d), which can be expanded to 700,000 cm/d. It also includes upgrading and extension of the Egaila pumping station, refurbishment of Umm-al-Hayman City pumping station, construction of Sabah al-Ahmed pumping station, sewer transmission lines and treated sewage effluent (TSE) transfer and distribution systems.

Prequalified consortiums

- ❖ Wassertechnik (Germany)/International Financial Advisors (Kuwait)
- ❖ Kharafi National (Kuwait)/Alfannar (Saudi Arabia)
- ❖ Marubeni Corporation (Japan)/Ali Alghanim Sons & Trading Co (Kuwait)
- ❖ Beijing Enterprises Water Group (China)/Doosan Heavy Industries & Construction Co (South Korea)/KCC Engineering & Contracting Co (Kuwait)
- ❖ Degremont (France)/Itochu Corporation (Japan)/Abdullah Hamad al-Sagar and Brothers (Kuwait)

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

Kuwait to tender KMRT and KNRR scheme

KAPP expects to begin prequalification for the Kuwait National Rail Road (KNRR) and Metropolitan Rapid Transit System (KMRT) by March 2016. As per news report, the feasibility studies for both projects are complete and documents are being prepared. Both the schemes will be implemented on a Build-Operate-Transfer (BOT) and expected to start the construction by 2017.

a) Kuwait National Rail Road (KNRR)

KNRR is estimated to cost USD 2 billion. The project entails to cover more than 400km and eventually connect to the GCC rail network at the border with Saudi Arabia and will be built in 2 phases. The 1st phase comprises a 317km of mainline that will cater to the GCC rail and link with the South of Kuwait and with the Saudi border, while the 257km secondary line will link the mainline network to the border with Iraq to the north and include a link to the Bubiyan port.

b) Kuwait Metropolitan Rapid Transit System (MKRT)

KMRT is estimated to cost USD 18.5 billion. The project is 160km and will have 68 stations, 9 of which will be located in the capital of Kuwait City. The project will be built in 5 phases, with 4 separate packages for infrastructure, systems, rolling stock and operator.

As per news report, the Kuwaiti government has asked the Public Authority of Agriculture Affairs and Fish Resources (PAAFR) to expedite the delivery required for land allocated for the GCC Railway project to the Ministry of Communication (MOC). MOC is responsible for the State's rail projects.

B. INFRASTRUCTURE AND DEVELOPMENTS PROJECTS

Kuwait's FKTC and Turkey's Cengiz bids low for Kuwait airport building deal

A Joint venture of First Kuwaiti General Trading & Contracting (FKTC) and Turkey's Cengiz Insaat Sanayi Ve Ticareta has submitted the lowest bid of KD 52.8 million (USD 174 million) for the contract to build the new passenger support building at Kuwait International Airport.

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.

As mentioned in our previous edition – Issue 13, the Directorate General of Civil Aviation (DGCA) had prequalified 15 consortiums for the scheme in August 2015. The construction period for the contract is anticipated to take 450 days, or about 15–18 months from the date of contract signing.

Lowest bidders for the passenger support building deal

- ❖ Cengiz Insaat Sanayi Ve Ticareta (Turkey)/First Kuwaiti General Trading & Contracting Co (Kuwait) – USD 174 mn
- ❖ Corsan Corviam Construction + Isolux (Spain) + Kolin JV (Spain/Turkey)/Al-Toubad General Trading & Contracting Co (Kuwait) – USD 258 mn
- ❖ Sinohydro (China)/Al-Hani Construction & Trading Co (Kuwait) – USD 276 mn
- ❖ Metallurgical Corporation of China (China)/Khaled Ali al-Kharafi & Bros Construction Contracting Co (Kuwait) – USD 278 mn
- ❖ Limak Holding (Turkey)/Mohd Abdul Mohsen al-Kharafi & Sons (Kuwait) – USD 291 mn
- ❖ China State Construction Engineering (China)/Bayan National Construction Contracting Co (Kuwait) – USD 296 mn
- ❖ TAV Construction (Turkey)/Consolidated Contractors Company (Athens-based) – USD 417 mn
- ❖ Obermeyer (Germany)/Kuwait Arab Contractors (Kuwait) – USD 600 mn

As per news report, the formal award for the Terminal 2 contract, has been delayed due to allegations of administrative and financial irregularities have been committed by the MPW during the tendering and award process. A consortium of Kuwait's Kharafi National and Turkey's Limak Holding had submitted the lowest bid for the scheme in August 2015, as mentioned in our previous edition – Issue 13.

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.

Kuwait prequalifies firms for Al-Mutlaa roads project

Kuwait's Public Authority for Housing Welfare (PAHW) has prequalified 6 companies for the construction and maintenance of roads and infrastructure at the planned worth USD 2.3 billion South Al-Mutlaa development project.

Once completed in 2019, the South Al-Mutlaa City will have 30,000 housing units with population projected to reach 400,000 and across 4 neighborhoods, each with amenities and services. The scheme will occupy a 104 square-kilometre area in Kuwait's Jahra governorate, to the west of the capital Kuwait City.

Prequalified bidders

- ❖ China Railway International Group
- ❖ China State Construction Engineering Corporation
- ❖ Salini Impregilo (Italy) / Kolin (Turkey)
- ❖ China Railway 18th Bureau Group
- ❖ China Tiesiju Civil Engineering
- ❖ China Camc Engineering Co
- ❖ Sinohydro Corporation

B. INFRASTRUCTURE AND DEVELOPMENTS PROJECTS... Contd.

Kuwait's MPW received bids for 3 package of Al Ghouse road projects

Kuwait has received bidders for 3 packages of road projects being developed by the Kuwait's Ministry of Public Works (MPW).

Kuwait's Combined Group Contracting Company (CGCC) has submitted the lowest bids of USD 256 million for the Package 1 (route from the 5th Ring road to the 6th Ring road), bids was almost 2% lower than the offer of USD 261 million submitted by Athens-based Consolidated Contractors Company.

Kuwait's Ahmadiyah Contracting Company has submitted the lowest bids of USD 234 million for the Package 2 (route from the Sabah al-Salem area to the 7th Ring road). The bids submitted was just USD 1 million lower than the offer submitted by Kuwait Company for Process Plant Construction.

While, Kuwait Arab Contractors has submitted the lowest bids of USD 221 million for the final Package 3 (route from the 7th Ring Road to the Fahaheel – Ahmadi road). The firm price is almost 2.6% lower than the USD 227 million submitted by CGCC.

As mentioned in one of our previous edition – Issue 12, Eight locally-based prequalified companies prepared to bid for the 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).

Kuwait awards university construction deal

Kuwait's Ministry of Education and Higher Education has awarded KD 140 million (USD 458 million) worth contracts to Beijing-based China State Construction Engineering Corporation and the Kuwait's Kharafi National for building works at Sabah al-Salem University City, on November 2015. The work involves the construction of 13 academic support buildings with a total built-up area of 213,000 square metres and expected to be completed in 3-years' time by 2019.

In February 2015, (as mentioned in one of our previous edition – Issue 11), India's Shapoorji Pallonji, in collaboration with Kuwait's Al Sager Trading & Contracting company had been awarded KD 150 million (USD 525 million) worth contract to build college buildings at Kuwait University. The deal involves the construction of the colleges of social sciences, law and Islamic studies.

Lowest bidders for Package 1

- ❖ Combined Group Contracting Co– USD 256 mn
- ❖ Consolidated Contractors Co (Athens)– USD 261 mn
- ❖ Ahmadiyah Contracting Co – USD 265 mn
- ❖ KCC Engineering & Contracting Co – USD 265 mn
- ❖ Kuwait Arab Contractors Co – USD 270 mn
- ❖ Kuwait Company for Process Plant Construction Co – USD 277 mn
- ❖ Alghanim International Co – USD 280 mn

Lowest bidders for Package 2

- ❖ Ahmadiyah Contracting Co – USD 234 mn
- ❖ Kuwait Company for Process Plant Construction Co – USD 235 mn
- ❖ Kuwait Arab Contractors Co – USD 237 mn
- ❖ Combined Group Contracting Co – USD 239 mn
- ❖ Mohammed Abdulmohsin al-Kharafi & Sons – USD 239 mn
- ❖ Consolidated Contractors Co – USD 240 mn
- ❖ Green Line General Trading Co – USD 243 mn
- ❖ Alghanim International General Trading – USD 245 mn
- ❖ Mushrif Trading & Contracting Co – USD 246 mn

Lowest bidders for Package 3

- ❖ Kuwait Arab Contractors – USD 221 mn
- ❖ Combined Group Contracting Co– USD 227 mn
- ❖ Ahmadiyah Contracting – USD 228 mn
- ❖ Consolidated Contractors Co – USD 234 mn
- ❖ Jumbo International General Trading & Contracting (Kuwait) – USD 239 mn
- ❖ Kuwait Company for Process Plant Construction – USD 241 mn
- ❖ Alghanim International – USD 242 mn

B. INFRASTRUCTURE AND DEVELOPMENTS PROJECTS... Contd.

Kuwait to tender 2 major hospital scheme

As part of Kuwait's Ministry of Health plans to expand 9 hospitals to improve the provision of public health services in Kuwait, MOH is planning to tender 2 major new hospital projects in 2016. The schemes include:

a) Sabah al-Ahmad Hospital project

The project entails 1,000 beds and to be built over an area of 80,000 square metres. This will assist serve the major new housing developments at Wafra and Kharafi cities in the South of Kuwait City, which are planned or under construction.

As per news report, the Kuwaiti government has allocated a land to establish Sabah al-Ahmad hospital project but MOH was still deciding whether to tender as a design and build project or through a traditional EPC contract.

b) New Physical Therapy Hospital project

The project is part of Kuwait's Ministry of Health(MOH) plan to expand 9 hospitals to improve the provision of public health services in Kuwait and to replace the existing one with the same name.

In August 2015 (as mentioned in our previous edition – Issue 13), MPW had tendered the New Maternity Hospital project located in Shuwaikh area of Kuwait City. Italian's firm, Impreza Pizzarotti had submitted the lowest bid of KD 220 million (USD 727 million) for the project.

C. OIL & GAS SECTOR PROJECTS

Kuwait Oil Company (KOC) awarded KD 1,060.8 million worth contract during the 4th quarter of 2015

State upstream operator, Kuwait Oil Company (KOC) awarded around KD 1,915 million worth contracts in total during the 4th quarter of 2015 over 45 different work requests, which is higher than the KD 1,060.8 million during the 3rd quarter of 2015 with 63 contracts.

Major KOC contracts awarded in 4th quarter 2015

Contractor	Description	Contract Value (KD Million)
Tuboscope Vetco (Deutschland)	Third party inspection services for drilling and other materials inside and outside Kuwait	1,605.10
Mechanical Engineering & Contracting Co	Construction of flowlines and associated works in Burgan and Magwa Area	73.48
Sinopec Intl Petroleum Svcs Corp	Supply of one 550 HP Pulling Unit(s) for workover operations – 6 contracts	65.02
Burgan Company for Well Drilling Trading & Maintenance	Supply of One 550 HP Pulling Unit(s) for workover operations – 3 contracts	21.90
Target Oilfield services Ltd	Provision of technical consultancy services in exploration and production domains	19.94
Burgan Company for Well Drilling Trading & Maintenance	Supply of 1500 HP Rigs for work over operations in the State of Kuwait (RIG BWD130)	18.84
BEICIP-FRANLAB	Provision of technical consultancy services in exploration and production domains	16.92
Sinopec Intl Petroleum Svcs Corp	Supply of one 750 HP Pulling Unit(s) for workover operations – 3 contracts	13.63
First Kuwaiti Trading & Contracting Co	Construction of office building for oil & vital protection department and perimeter fence in South Ratqa field	10.72
O&G Engineering for General Trading & Contracting W.L.L.	Construction of new security fence for North Kuwait assets	8.95
Kuwait Drilling Co	Supply of one 750 HP Pulling Unit(s) for workover operations – 2 contracts	8.73
Bayan National Construction Contracting Co K.S.C.C.	Construction of new production & Projects (Gas) Group building at North Kuwait	7.99
Integral Services Co W.L.L.	Improvement in fire fighting & security system at S&EK Manifolds	5.97
Vijay Tanks & Co LLC	New Tanks along with associated facilities at GC-17 and Abdaliyah pump station	5.80
Det Norske Veritas (USA) Inc.	Internal Corrosion Monitoring services	5.66
Provision of service engineer and running tools to run smith liner hanger equipment	Schlumberger Oilfield Eastern Ltd.	5.55
EBLA Computer Consultancy Co	Enterprise Content Management (ECM) implementation, training & support	4.79

Source: Kuwait Oil Company (KOC)

US firm bids low for Kuwait Jurassic gas deal

US's firm Schlumberger OFS has submitted the lowest bid of more than USD 4.3 billion for 3 contracts to develop four oil and gas fields in Kuwait's Jurassic basin: East Raudhatain, West Raudhatain, West Sabriya and Umm Niqa. The scheme will be divided into 3 packages and each package will have a target capacity of 40,000 barrels of oil equivalents a day (boe/d).

In August 2015, (as mentioned in our previous edition – Issue 13), KOC had issued tender for these contracts and had prequalified a total of 16 companies to bid for the projects. As per news report, KOC is preparing to tender a total of USD 1.9 billion contract for the second Jurassic field development project during the 3rd quarter of 2016. US engineering consultancy Fluor Corporation is carrying out the design work for both schemes.

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

KOC relaunches prequalification round

Kuwait Oil Company (KOC) has reopened its general prequalification round, giving engineering, procurement and construction (EPC) contractors a chance to join its list of registered contractors for oil, gas and petrochemical mega projects. KOC has set 31st January 2016 as the deadline for prequalification document submission. The prequalification process was previously started in January 2015 (as mentioned in one of our previous edition – Issue 11).

Under the latest round, companies have the chance to register under 4 categories, as follows:

List of categories for EPC registration	
Categories	Contract Value (USD)
❖ Mega Projects	1 billion to 2 billion
❖ Major Projects	600 million to 1 billion
❖ Large Projects	350 million to 600 million
❖ Small Projects	Less than 350 million

Kuwait to tender enhanced technical agreements

KOC is expected to tender the planned oilfield enhanced technical service agreements, as part of broader scheme to boost Kuwaiti production. Under the agreements, 3 new assets will be developed. The International Oil Companies (IOCs) such as; Britain's BP, France's Total, Royal Dutch Shell and Chevron are interested in securing the deals. KOC had invited the IOCs to bid for the agreements to develop the country's Ratqa heavy oil fields including Burgan, a move that has faced fierce political opposition in the past, as mentioned in one of our previous edition – Issue 10.

Kuwait starts work on 50MW Solar Plant

Spain's TSK Electronica and the Kuwait's Kharafi National has started works on the contract to build a 50MW Concentrated Solar Power (CSP) plant at Shagaya renewable energy park. The project will form part of the park that's being built about 100 kilometers (62 miles) west of the capital, Kuwait City. The plant will have a 10-megawatt capacity and should be connected to the grid during the first half of 2016. It is scheduled to come online in December 2017.

The client for the project is Kuwait's Ministry of Electricity and Water (MEW), in collaboration with Kuwait Institute for Scientific Research (KISR). As mentioned in our previous edition – Issue 13, MEW had awarded Spain's TSK Electronica and the Kuwait's Kharafi National to build the 50MW CSP plant. 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.

KNPC revises LNG import terminal bid deadline

KNPC has officially announced a new deadline for bid submission for the planned USD 3.3 billion Liquefied Natural Gas (LNG) import terminal to 31st January 2016 from 5th January 2016 in its 3rd extension since September 2015. Bids were originally due on 10th November from 29th September 2015 and had extended to 22nd December 2015, as mentioned in our previous edition – Issue 13.

The official announcement comes a week after KNPC had decided on the new 31st January deadline. The project is to be built near the town of Al-Zour in the Kuwaiti of the Divided Zone, which is shared with Saudi Arabia. The LNG regasification terminal will have a capacity of 1.5 trillion btu/d and will include two berths to unload (simultaneously) big-size LNG carriers and four LNG storage tanks of approximately 225,5000-cubic-metre working capacity each.

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

Kuwait to launch USD 28 billion Al-Zour Complex project

Kuwait is expected to launch the contracts for integrating a petrochemical facility with the Al-Zour New Refinery by February 2016. Originally, it was expected that the study, which is being conducted by KBC Advanced Technologies would be completed within the 1st half of 2015 (as mentioned in one of our previous edition – Issue 11).

As per news report, the total investment is estimated to reach USD 28 billion. This will involve integrating the facility with the 615,000 bpd New Refinery Project (NRP), which is built in the Divided Zone that the Country shares with Saudi Arabia. The total investment includes an estimated USD 16 billion for Al-Zour oil refinery, USD 10 billion for the large petrochemical complex and USD 2 billion will be spent for gas supply facilities.

KNPC signed Al-Zour package 5 deal

KNPC has signed the engineering procurement and construction (EPC) contracts for Kuwait' Al-Zour New Refinery (NRP) Project on 13th October 2015. The project is estimated to be valued at USD 13 billion. In August 2015, (as mentioned in our previous edition – Issue 13), the final EPC contract on the project had awarded to a consortium of Italy's Saipem and India's Essar.

The NRP (5 packages) 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 Técnicas 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 – 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.

Kuwait completed design for Matlaa depot project

KNPC is expected to award the completed front end engineering design (FEED) work for the project to build local marketing depot at Matlaa. The project is estimated to be valued at USD 798 million (as mentioned in our previous edition – Issue 13), and will be Kuwait's 3rd fuel depot and will serve the north of Kuwait where increase demand is expected due to large housing developments.

The project scope of work includes cross-country pipelines, new pumping facilities and a storage tanks. 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.

KOC to tender documents for Gathering Centre 32 scheme

Kuwait Oil Company (KOC) is preparing to issue tender documents for the Gathering Centre scheme known as GC32, which will be tendered during the 1st quarter of 2016. The project is estimated to be valued at USD 1 billion and will be built near Kuwait's giant Burgan field. The project entails to deal with increasing crude sourness from Burgan field, the world's largest sandstone oil field.

As mentioned in one of our previous edition – Issue 10, UK-based consultancy Amec Foster Wheeler had completed front-end engineering and design (FEED) work for GC32 in December 2014, initially the scheme was expected to be tendered in early 2015.

D. OTHER SECTOR'S PROJECTS

Kuwait received bidders for power conversion schemes

Kuwait's MEW has received bids from 7 groups for the contracts to convert the Subiya power plant and Al Zour South to combined-cycle facilities. The conversion projects will expand the capacity of each plant by 250MW. A consortium of China's Sepco 3 and Kuwait's Al-Mulla Group has submitted the lowest bid for both schemes.

For Al-Zour South conversion project, the group submitted lowest bid of USD 204 million, and came in 10% lower than the USD 227 million price submitted by a joint venture of France's Alstom and the Kuwait's Alghanim International General Trading & Contracting Company, the 2nd lowest bidder. While, for the 2nd Phase combined-cycle project, at the existing Subiya power plant, the group submitted lowest bid of USD 189 million, this was 12.5% lower than the USD 216 million price submitted by the 2nd lowest bidder.

As mentioned in one of our previous edition – Issue 12, MEW had invited companies to submit bids for the contract to convert open-cycle gas turbine units at its Subiya and Al-Zour South power plant to combined-cycle facilities. The conversion projects are part of Kuwait's plans to boost its generating capacity, currently experiencing a rapid growth in demand for electricity.

Lowest bidders for 2 combined-cycle conversion	Al-Zour (USD mn)	Subiya (USD mn)
❖ Sepco 3 (China) / Al-Mulla Group (Kuwait)	204	189
❖ Alstom (France) / Alghanim International General Trading & Contracting Co (Kuwait)	227	216
❖ Duro Felguera (Spain) / Kharafi National Co (Kuwait)	237	231
❖ OHL (Spain) / Initec (Spain) / KCC Engineering & Contracting Co (Kuwait) / United Gulf Enterprises General Trading & Contracting Co (Kuwait)	238	235
❖ Orascom Construction Industries (Egypt) / Al-Dow Engineering General Trading & Contracting Co (Kuwait)	273	270
❖ Hyundai E&C (South Korea) / AH Al-Sagar & Bros Co (Kuwait)	303	286
❖ Harbin Power Engineering Co (China) / Abdali Group Joint General Trading & Contracting Co (Kuwait)	305	305

Kuwait's SSH JV wins consultancy services for Kuwait projects

Kuwait's Public Authority for Applied Education and Training (PAAET) has awarded contract to Kuwait's SSH for the design and construction supervision of the technology, business, healthcare and education complex project located at the south of Al-Oyoon area in the Jahra Governorate, Kuwait.

The project will cover a total area of 230,000 sqm which will consist of 4 educational clusters and administration buildings. Once completed, the campus will be a landmark along the western route to Kuwait City with high standard facilities and will reduce time travel for the increasing number of students in Al Jahra, Doha, Sulaibikhat and surrounding areas.

Also, as per news report, Kuwait's SSH has also been awarded the engineering consultancy services for the design of a sewage treatment plant in Sabah Al Ahmad Sea City development located in Al Khiran, South of Kuwait. The scheme will have a capacity of 45,000 cbm/day and will utilize sequencing batch reactor (SBR) technology.

Kuwait to tender Nuwaiseeb power plant

Kuwait's MEW is planning to tender the engineering, procurement and construction (EPC) contract for the planned 3,000MW Nuwaiseeb power plant before the end of 2016. The project will run on low sulphur fuel oil (LFSO), and will be the first phase of a total 6,000MW planned for the Nuwaiseeb site once completed.

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

Kuwait's issued CFP commissioning services deal

KNPC has issued an invitation to bid on a contract worth an estimated USD 50 to 100 million contract to provide commissioning services as part of the Kuwait's Clean Fuels Project (CFP) scheme.

KNPC (as mentioned in our previous edition – Issue 13), had scheduled Kuwait's CFP substation package to be completed by January 2016. 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 37% completed as of November 2015.

Kuwait's MPW received bids for TSE network project

Kuwait's Ministry of Public Works (MPW) has received 7 lowest bidders for a contract to construct a Treated Sewage Effluent (TSE) network and reservoirs in Kuwait. Mushrif Trading & Contracting has submitted the lowest bids of KD 74.9 million (USD 247.8 million) which was almost 3.2% lower than the KD 77.3 million bid submitted by KCC Engineering & Contracting Company.

The bids were for the installation of TSE networks and reservoirs in project area D1, which is west of Kuwait City and bordered by Ghazali Expressway to the east, the Jahra area to the west, Kuwait Bay to the north and the 7th Ring Road to the South.

The contract will involve the construction of 16 reservoirs at various locations in the project area. The scope of work will also involve constructing 2 larger reservoirs, each with a capacity of 170,000 sqm and a pumping station and a connection to Abdally farms, close to the Iraq border.

Lowest bidders

- ❖ Mushrif Trading & Contracting Co (Kuwait)
– KD 74.899 mn
- ❖ KCC Engineering & Contracting Co (Kuwait)
– KD 77.300 mn
- ❖ Kharafi Natonal Co (Kuwait) – KD 77.852 mn
- ❖ Canar Trading & Contracting Co (Kuwait)–KD 77.947 mn
- ❖ MA Kharafi (Kuwait) – KD 77.987 mn
- ❖ Combined Group Contracting Co (Kuwait)
– KD 78.972 mn
- ❖ Greenline General Trading & Contracting (UAE/Kuwait)
– KD 80.958 mn

Kuwait, Iraq signs MoUs

The Kuwaiti and Iraqi government has signed Memorandum of Understanding (MoUs) aims to strengthen bilateral cooperation between the 2 countries in various domains. The agreement intends to boost ties and cooperation in the areas of economy, investment and energy. Part of the signed agreements and MoUs, includes:

- ❖ A deal covering inspection and control
- ❖ Promoting and developing bilateral cooperation on youth and sport
- ❖ Activating interconnection of communication through a fiber optic link
- ❖ A deal to facilitate the maritime navigation in the region

The deals were signed by Kuwait's Deputy Prime Minister for Foreign Affairs and Minister and Iraq's Foreign Minister at the Kuwait–Iraq joint committee meeting.

Kuwait, Tunisia signs 8 deals on cooperation

The Kuwaiti and Tunisian government has signed 8 agreements and Memorandum of Understanding (MoUs) on 10th December 2015 for bilateral cooperation in various domains. The deals were signed by Kuwait's First Deputy Prime Minister and Foreign Minister and Tunisian Foreign Minister

The agreements intends to boost their ties and cooperation in the areas of Technical and scientific cooperation, Youth and sports, Higher education, Scientific research, Visa waivers and Industrial exports. The new documents took to 50 the total number of deals with Tunisia since the establishment of the diplomatic ties 53 years ago.

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

Kuwait, Russia signs MoUs

The Kuwaiti and Russian government has signed Memorandum of Understanding (MoUs) that aims to strengthen bilateral ties between the 2 countries. Part of the signed agreement includes:

- ❖ A deal between the 2 governments for the exemption of entry visa for holders of diplomatic, special and service passports
- ❖ MoUs signed with Russian Minister of Culture Vladimir Medinsky for Cultural and Artistic cooperation between Kuwait's National Council for Culture, Arts and Letters (NCCAL) and the Russian Ministry of Culture
- ❖ A cooperation MoU signed between the Kuwaiti Ministry of Communications and the Russian Ministry of Transportation
- ❖ A signed statement of intent between the Kuwaiti Ministry of Defense and the Russian firm Rosoboronexport for military equipment
- ❖ An oil cooperation deal between the Kuwait Petroleum Corporation (KPC) with Chairman of Russia's Gazprom Board of Directors for cooperation between both firms.
- ❖ A joint investment MoU signed between the Kuwait Investment Authority (KIA) and the Russian Direct Investment Fund.

The deals were signed by His Highness the Amir of Kuwait Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah and Russian President Vladimir Putin at the presidential palace in the Russian City of Sochi.

Kuwait, Kyrgyzstan signs MoUs

The Kuwaiti and Kyrgyzstan's government has signed bilateral agreements and a Memorandum of Understanding (MoUs) covering various fields of cooperation.

The deals were signed by His Highness Amir of Kuwait Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, His Highness the Crown Prince, His Highness the Prime Minister and visiting Kyrgyz President Almazbek Atambayev at Bayan Palace, Kuwait. Among the agreement and MoUs signed includes:

- ❖ An agreement on exemption of entry visas for holders of diplomatic, service and special passports
- ❖ Memorandum of Understanding signed on bilateral consultations between the foreign ministries in both countries
- ❖ Agreement signed between the 2 government to avoid double taxation and evasion of income and capital taxes
- ❖ Inked another agreement for encouragement and mutual protection of investments, and
- ❖ Inked agreement for economic and technical cooperation
- ❖ Agreement signed for air services cooperation

Kuwait, India ink accord on recruitment of nurses

The Kuwaiti and Indian government has signed an agreement finalizing the modalities of recruitment of nurses from India through India government's e-Migrate portal. The deals were signed by Kuwait's Assistant Undersecretary for Legal Affairs and Assistant undersecretary for Medical Services Affairs at the Ministry of Health (MOH) and Indian Ambassador at the Kuwait's Ministry of Health (MOH) ceremony.

As per the agreement, recruitment procedure will only run through 3 government agencies namely NORKA-Roots, Overseas Development and Employment Promotion Council (ODEPC) in Kerala and Overseas Manpower Corporation of Tamil Nadu government are authorized to recruit nurses to foreign countries.

The agreement also aims to put an end to large-scale corruption and cheating by private recruiting agencies who used to recruit nurses from India to Kuwait after taking huge sums as bribes and commission.

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