

# THE POWER OF BEING UNDERSTOOD

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## KUWAIT QUARTERLY NEWSLETTER

ECONOMY & PROJECTS UPDATE – ISSUE 17

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING



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## MACROECONOMIC UPDATE

**The inflation levels measured by consumer price index (CPI) rose slightly to 2.9%YoY in August 2016 as compared to 2.8%YoY in May 2016, as mentioned in our previous edition (Issue 16).**

- ❖ Food and beverages prices slid into deflationary mode to reach -0.2%YoY in August 2016 as compared to 2.1%YoY in May 2016. The decrease was in line with declining trend in international food prices, precipitated by declining oil prices.
- ❖ The prices of housing & services, restaurants & hotels and clothing & footwear increased notably to reach 7.3%, 4.1% and 1.3%YoY respectively.
- ❖ Recreation & culture, health and miscellaneous goods & services prices increased, as compared to May 2016, to reach 0.7%, 1.9% and 1.8%YoY respectively in August 2016.
- ❖ Whereas, furnishing equipment & household maintenance and education remained unchanged at 3.0% and 3.5%YoY in August.
- ❖ However, prices of tobacco & narcotics, transport and communication declined in August 2016 from May 2016.

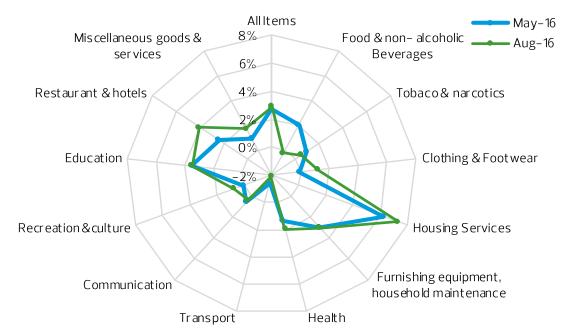
### The money supply (M2) declined while credit facilities maintained a healthy growth

- ❖ Kuwait's broad measure of money supply (M2) declined by KD 0.87 billion from March 2016 to reach KD 35.56 billion in July 2016, with YoY growth of 0.95%. The decline is mainly attributable to the drop in sight deposits by 5.2% from March 2016 to reach KD 7.76 billion in July. The narrower measure (M1) declined by KD 0.35 billion during the same period.
- ❖ Credit facilities maintained healthy growth with 8.18%YoY rise as of July, gaining KD 0.51 billion from March 2016. The personal facilities also reduced by KD 0.06 billion during the same period.
- ❖ Bank deposits at local banks increased in July 2016 by 4.9%YoY to reach KD 40.68 billion. Private sector deposits constitutes 84% of the bank deposit base, at KD 34.01 billion in July 2016.

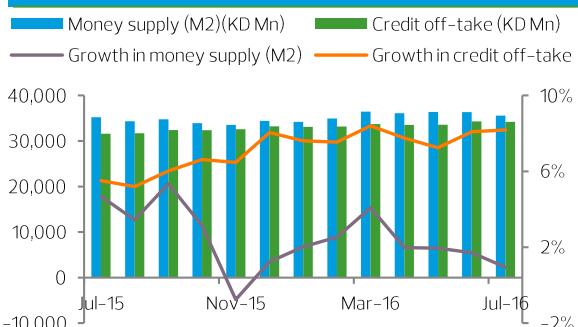
### Kuwait export oil price declined during this quarter

- ❖ The average price of Kuwait crude oil for September 2016 reached about USD 41.2 per barrel (p/b), a decline by USD 3.3 p/b as compared to June average price of USD 44.5 per barrel.
- ❖ Kuwait's crude oil production averaged 2.83 million barrels per day (mb/d) in September 2016, an increase of 0.03 mb/d from June 2016.

## Inflation



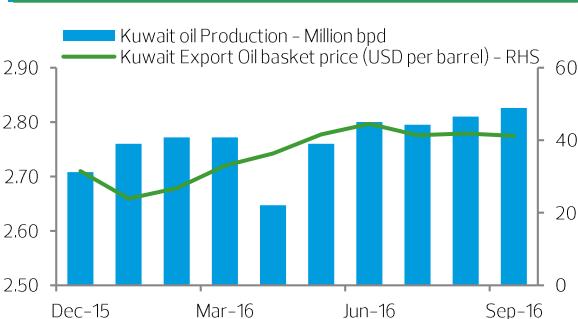
## Growth in Money supply and credit off-take



## Local Bank Deposits



## Monthly production and Oil price



Source: Central Bank of Kuwait, OPEC

## MAJOR PROJECTS UPDATE

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

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 2016</b>						
1	Al-Zour North Independent Water and Power Project (IWPP) – Phase 2	Power	2,700	Bids for the BOT contract under evaluation	2010	2019
2	Umm Al-Hayman Waste Water Treatment Plant (WWTP)	Water & Wastewater Management	1,190	2 consortiums submitted bids for the DBOT	N/A	2020
3	Al-Abdaliyah Integrated Solar Combined Cycle (ISCC)	Power	720	Awaiting bids submission for EPC contract	2008	2018
4	Municipal Solid Waste Treatment Facility – Kabd	Solid Waste Management	215	Issued RFP	2012	2019
5	Service and Entertainment Center- Egaila	Real Estate	N/A	Prequalified 7 Consortiums	N/A	2018
<b>Other projects as mentioned in our previous edition</b>						
6	Kuwait National Rail Road (KNRR)	Transportation	10,000	Review of FS completed	2010	2017
7	Kuwait Metropolitan Rapid Transit System (KMRT)	Transportation	7,000	Review of FS completed	2012	2020
8	Kuwait Failaka Island Development	Real Estate Development	3,300	Consultancy Bids under Evaluation	2013	2016
9	South Al-Jahra Labor City	Real Estate Development	500	Invited bids to submit RFP for TA procurement	2012	2019
10	Al-Khairan Independent Water and Power Project (IWPP)	Power	200	Preparing to issue RFP	2012	2017
11	Rest Houses And Doha Chalet's Service Centers	Real Estate Development	50	RFQ and RFP	2012	2017
12	Kuwait Schools Development Program	Education	N/A	2 consortiums submitted bids	2012	2019
13	Commercial, Educational, Cultural and Entertainment Center in Abdulla Al Ahmad Street	Real Estate Development	N/A	Pre-tendering	N/A	N/A
14	Kuwait Public Post Office	Communication	N/A	TA Procurement – On hold	N/A	N/A
15	Communication Network and Telecommunication Services	Communication	N/A	TA Procurement – On hold	N/A	N/A

Source: MEED, Note: EOI – Expression of Interest, EPC – Engineering, Procurement and Construction, RFQ – Request for Qualification, RFP – Request for Proposal, TA – Transaction Advisory, FS – Feasibility Study, BOT – Build, Operate and Transfer, DBOT – Design, Build, Operate and Transfer

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

### **Bids for Al-Zour North IWPP 2 are under evaluation**

KAPP, in collaboration with MPW is evaluating the technical proposals for the planned 1,500MW Al-Zour North IWPP phase 2. On 21<sup>st</sup> June 2016, as mentioned in our previous edition (Issue 16), KAPP had received technical and commercial bids for the scheme from 3 consortiums. The project will have a power generation capacity of 1,500MW and a desalination component of at least 102 million imperial gallons a day (MIGD).

### **Kuwait receives proposals for Umm al-Hayman Wastewater project**

KAPP has received proposals from 2 prequalified consortiums for the development of Umm al-Hayman Wastewater Treatment Plant (WTP) project on 19<sup>th</sup> September 2016. In 2015, as mentioned in one of our previous editions (Issue 14), 5 groups had prequalified for the scheme with a deadline in February 2016 but had delayed several times. The scope of work involves design, financing, building, operating and maintenance of a new WTP with an initial treatment capacity of 500,000 cubic metres a day (cm/d), which can be expanded to 700,000 cm/d.

The Ministry of Public Works (MPW) will enter a PPP BOT agreement for a period of 27.5 years, of this 2.5 years comprises of construction period, with the selected consortiums which will form a public joint stock project company. At the end of the PPP agreement, ownership of the wastewater facility will be transferred to the MPW.

### **KAPP receives 3 consortiums Kabd Municipal Solid Waste project after extension of bid deadline**

KAPP has received bids from 3 consortiums out of 5 prequalified bidders, as mentioned in one of our previous editions (Issue 13), for the planned Kabd Municipal Solid Waste project, which is being developed under Public-Private Partnership (PPP) model. Considering the complexity of the project and request from bidders, KAPP had extended the bid deadline to 8<sup>th</sup> September 2016 from March 2016.

The scope of work involves the construction of a solid waste water treatment facility with a capacity to treat up to 3,275 tonnes a day (t/d) of solid waste over a total land area of 500,000 sq.m. The facilities will be located in the Kabd area, some 25 kilometres from Kuwait City. The project is expected to be completed by 2019. The term of the project agreement will commence on financial close and expire in 25 years.

#### **2 prequalified bidders submitted proposals**

- ❖ Wassertechnik (Germany) / International Financial Advisors (Kuwait)
- ❖ Kharafi National (Kuwait) / AlFanar (Saudi Arabia)

#### **3 bidders for Kabd Municipal Solid Waste project**

- ❖ Constructions Industrielles de La Mediterranee (France) / Gulf Investment Corporation (Kuwait) / Al-Mulla Group (Kuwait)
- ❖ EVN Umweltholding and Betriebs (Austria) / International Financial Advisors (Kuwait) / KCC Engineering & Contracting (Kuwait) / Steinmuller Babcock Environment (Germany)
- ❖ Suez Environnement (France) / Itochu Corporation (Japan) / Kharafi National (Kuwait)

### **Kuwait extends deadline for a 3<sup>rd</sup> time for Al-Abdaliyah ISCC plant**

KAPP has further extended for a 3<sup>rd</sup> time, the bid deadline for the Al-Abdaliyah Integrated Solar Combined-Cycle (ISCC) plant located in Al-Abdaliyah in Southwest Kuwait. The new deadline submission for the EPC contract is extended to 10<sup>th</sup> October 2016 from 28<sup>th</sup> July 2016. The project involves developing an Integrated Solar Combined Cycle plant to generate power with a capacity of 280MW, including a 60MW solar energy component on a Build-Own-Operate and Transfer (BOOT) basis.

### **Kuwait invites bid for service and entertainment center – Egaila project**

KAPP, in collaboration with the Kuwait's Municipality (KM), has invited prequalified firms to submit bids for the development of the "Egaila" Services and Entertainment Center located in the Egaila area, Al-Ahmadi. As mentioned in one of our previous editions (Issue 13), KAPP had prequalified 8 consortiums for the development of "Egaila" project in Q3 2015.

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

## B. INFRASTRUCTURE AND DEVELOPMENT PROJECTS

### MPW invites tenders for major road projects in Kuwait

The Kuwait's Ministry of Public Works (MPW) has invited bids for the construction of its major roads and maintenance project across the country.

1) MPW invites 8 consultants to submit bids for the study, design and supervision of construction work for the 4<sup>th</sup> Ring Road project. The bid deadline was set as 25<sup>th</sup> September 2016.

Earlier in July 2016, MPW had invited 50 prequalified groups to submit bids for the road linking the 4<sup>th</sup> Ring Road with Southern part of Kuwait's regional road. The deadline for bid submission was set as 18<sup>th</sup> September 2016.

2) On 6<sup>th</sup> September 2016, MPW invites 50 prequalified companies to submit bids for the Abdaly Expressway from South Al-Mutlaa City to Future crossroads at the Northern part of Kuwait's regional road. The deadline for bid submission is 23<sup>rd</sup> October 2016.

### 50 invited prequalified firms

- ❖ Acciona (Spain)
- ❖ Afcons (India)
- ❖ Aktor (Greece)
- ❖ Al-AyunilInvestment & Contracting (Saudi Arabia)
- ❖ Al-Habtoor Leighton (UAE)
- ❖ Altcom (Netherlands)
- ❖ Arab Contractors Osman Ahmed Osman (Egypt)
- ❖ Archirodon (Geneva)
- ❖ Beijing Construction Engineering Group (China)
- ❖ Cengiz (Turkey)
- ❖ China Civil Engineering Corporation (China)
- ❖ China First Highway Engineering (China)
- ❖ China Harbour Engineering Corporation (China)
- ❖ China Major Bridge Engineering Company (China)
- ❖ China Railway No.2 Engineering Group Company (China)
- ❖ China Railway 18th Bureau Group Company (China)
- ❖ China Railway International (China)
- ❖ China State Construction Engineering Corporation (China)
- ❖ Consolidated Contractors Company (Athens)
- ❖ Corsan Corviam Construcción (Spain)
- ❖ Daelim Industrial (South Korea)
- ❖ Daewoo Engineering & Construction (South Korea)
- ❖ Doosan Engineering & Construction (South Korea)
- ❖ FCC (Spain)
- ❖ Gulf Leighton (Australia/Spain)
- ❖ GS Engineering & Construction (South Korea)

### 8 consultants for 4<sup>th</sup> Ring Road project

- ❖ Kling Consult (Germany)
- ❖ Arup (UK)
- ❖ Idom (Spain)
- ❖ Aurecon (UAE)
- ❖ Egis (France)
- ❖ KEO (UAE)
- ❖ Sener (Spain)
- ❖ Mott MacDonald (UK)

- ❖ Halla Engineering & Construction Corporation (South Korea)
- ❖ Hyundai Engineering & Construction (South Korea)
- ❖ Impresa Pizzarotti (Italy)
- ❖ Kolin (Turkey)
- ❖ Larsen & Toubro (India)
- ❖ Makyol (Turkey)
- ❖ Mapa (Turkey)
- ❖ Metallurgical Corporation of China (China)
- ❖ Nurol (Turkey)
- ❖ OHL (Spain)
- ❖ Orascom (Egypt)
- ❖ Sacyr (Spain)
- ❖ Salini Impregilo (Italy)
- ❖ Samwhan Corporation (South Korea)
- ❖ Samsung C&T (South Korea)
- ❖ Saudi Binladin Group (Saudi Arabia)
- ❖ Sinohydro Corporation (China)
- ❖ SK Engineering & Construction (South Korea)
- ❖ Société Egyptienne Entreprises Moktar Ibrahim (Egypt)
- ❖ Società Italiana per Condotte (Italy)
- ❖ STFA (Turkey)
- ❖ Strabag (Austria)
- ❖ Taeyoung Engineering & Construction Company (South Korea)
- ❖ USK Most (Russia)

## **B. INFRASTRUCTURE AND DEVELOPMENT PROJECTS ...Contd.**

### **Kuwait extends deadline for major road projects in Kuwait**

MPW has extended the deadline for bid submission for several road projects across the country. The new deadlines for specific projects are as follows:

- 1) Southern regional road from North Kabd to Al-Salmi road: MPW extends the deadline for the 2<sup>nd</sup> time from 26<sup>th</sup> July to 9<sup>th</sup> August 2016. As mentioned in one of our previous editions (Issue 15), it was originally set for 3<sup>rd</sup> April 2016.
- 2) East Jahra area: MPW extended the deadline from 21<sup>st</sup> August 2016 to 20<sup>th</sup> September 2016.
- 3) Construction of roads, bridges and related facilities for Cairo Street: MPW extends the deadline from 31<sup>st</sup> July to 30<sup>th</sup> August 2016.
- 4) New part of regional road from Al-Salmi Crossroad to southern part of Kuwait's regional road: MPW extends bid submission deadline from 9<sup>th</sup> August to 6<sup>th</sup> September 2016.

5) South Surra including Damascus St., 5th Ring road and King Faisal bin Abdul Aziz road: MPW extends the deadline from 12<sup>th</sup> July to 2<sup>nd</sup> August 2016. As mentioned in one of our previous editions (Issue 15), it was initially scheduled on 3<sup>rd</sup> April 2016. Kuwait's Combined Group Contracting (CGC) has submitted the lowest bid of KD 85.4 million and USD 88.9 million under 2 options for the scheme.

### **Lowest bidders**

- ❖ Kuwait's Combined Group Contracting Co. – KD 85.4 mn and USD 88.9 mn
- ❖ Afcons Infrastructure – KD 94.4 mn
- ❖ Kuwait Arab Contractors – KD 98.7 mn
- ❖ First Kuwait Co. – KD 99.1mn

### **Kuwait hands over Terminal 2 site to contractor**

Kuwait's MPW has handed over the site for the construction of new terminal 2 at the Kuwait International Airport (KIA) to a consortium comprising Turkey's Limak Construction and Kuwait's Kharafi National following the completion of a 90-day mobilization period. As mentioned in our previous edition (Issue 16), MPW awarded the KD 1.3 billion (USD 4.3 billion) contract to the same consortium for the construction of Terminal 2 in May 2016.

Recently, in August 2016, DGCA formally awarded the KD 52.8 million (USD 174 million) contract to a joint venture of Turkey's Cengiz Insaat Sanayi Ve Ticaret and First Kuwaiti General Trading & Contracting Company (FKTC) for the construction and maintenance of the temporary passenger terminal at Kuwait International airport (KIA). As mentioned in one of our previous editions (Issue 14), Kuwait's FKTC and Turkey's Cengiz had submitted the lowest bid in December 2015. The temporary passenger support terminal will provide additional capacity of up to 4.5 million passengers annually to support the existing terminal 1, until terminal 2 becomes operational in 2020.

### **Kuwait's Al-Dar (HOT) and China's Avic bids low for Kuwait airport runway**

A joint venture of China's Avic International Holding Corporation and Kuwait Al-Dar (HOT) Engineering & Construction submitted the lowest bid of KD 149.8 million (USD 497.2 million) for Package 3 of the expansion of Kuwait International Airport (KIA).

As mentioned in one of our previous editions (Issue 13), DGCA had announced the list of 11 prequalified firms on September 2015. The scope of work includes the construction of a new code 4F west runway, the extension of the existing east runway, a new air traffic control tower, parallel taxiways, access roads and other related facilities.

DGCA has also selected Kuwait's Al-Dar (HOT) Engineering & Construction Company for the contract to build aircraft hangar and corridors at the KIA. The team submitted a KD 12.2 million (USD 40.5 million) bid for the deal. The scope of work includes aircraft hangar, corridors, civil works, street lighting and associated facilities.

## **B. INFRASTRUCTURE AND DEVELOPMENT PROJECTS ...Contd.**

### **Kuwait awards Kuwait University construction deal**

Kuwait's Central Tenders Committee (CTC) approves the award of a KD 37 million (USD 123 million) contract to a joint venture of Kuwait's Kharafi National and Beijing-based China State Construction Engineering Corporation for the construction of a central utilities plant at the Sabah al-Salem University. In March 2016, as mentioned in one of our previous editions (Issue 15), the same joint venture had submitted the lowest bid for the contract to build utilities plant at Sabah al-Salem University.

Recently, US-based HOK has been selected to design Kuwait University's new College of Architecture (COA) and College of Computing Sciences and Engineering (CCSE) buildings at the Sabah al-Salem University at Shadadiyah.

### **Health Assurance Hospitals Company (HAHC) selects Hill International for 2 new hospital projects in Kuwait**

US-based Hill International, the global leader in managing construction risk, has been awarded a contract by Health Assurance Hospitals Company (Dhamam) to provide project and construction management services in connection with the construction of 2 new hospitals in Kuwait located in Al-Ahmadi and Al-Jahra area.

The 3 year contract has an estimated value of KD 3.9 million (USD 13.1 million). The project entails the construction of two 300-bed secondary care hospitals, staff accommodation buildings and parking facilities.

### **Kuwait awards Al-Adan hospital expansion project to SSH**

Kuwait's Ministry of Health (MOH) awards the supervision services of Al Adan Hospital expansion project to Kuwait's SSH to provide construction supervision services and it is expected to be completed within 42 months. The project consists of a 14-floor, 635 beds hospital covering a land area of 104,272 sq.m with a total built up area of around 500,000 sq. metre.

Earlier in Q4 2014, as mentioned in one of our previous editions (Issue 10), MOH had also awarded a contract worth KD 232 million (USD 802 million) to Sayed Hamid Behbehani & Sons for the design and construction of the expansion of Al-Adan hospital. The project entails providing a new maternity and pediatrics healthcare facilities, a 635-bed annex to the Al-Adan hospital that will offer 21 operating rooms and 8 emergency rooms. The project is expected to be completed by 2018. Upon project completion, Al-Adan hospital will have a total area of approximately 500,000 sqm including the main hospital and ancillary support buildings.

### **Kuwait invited tenders for expressway project**

As part of Kuwaiti government initiative to ease traffic congestion in the country, MPW has invited 8 consultancy firms to undertake a feasibility study and concept design for the improvement of Route 30 Fahheel Expressway. The submission deadline of bid was on 4<sup>th</sup> October 2016.

#### **Invited firms**

- ❖ Louis Berger (US)
- ❖ CH2M Hill (US)
- ❖ Fichtner (Germany)
- ❖ Dar al-Handasah (Shair & Partners) (Lebanon)
- ❖ Setec (France)
- ❖ Ital Consult (Italy)
- ❖ Getinsa Ingneria (Spain)
- ❖ Fhecor (Spain)

## C. OIL & GAS SECTOR PROJECTS

### Kuwait Oil Company (KOC) awards contracts worth KD 581.51million during the 3<sup>rd</sup> quarter of 2016

State upstream operator, Kuwait Oil Company (KOC) awards contracts worth KD 581.51 million in total during the 3<sup>rd</sup> quarter of 2016 over 35 different work requests, which is higher than the KD 126.13 million during 2<sup>nd</sup> quarter of 2016 with 29 different work requests. Of the total 35 work requests, KOC had signed a total of KD 429.23 million (74% of total in Q3 2016) worth of contracts in July 2016.

Major KOC contracts awarded in 3 <sup>rd</sup> quarter 2016		Contract Value (KD Million)
Contractor	Description	
SPETCO International Petroleum Co.	Jurassic production facility (JPF) at West Raudhatain, North Kuwait	113.82
Baker Hughes EHO Ltd	Provision of directional drilling, MWD and LWD services	91.97
Anadrill International S.A.	Provision of directional drilling, MWD and LWD services	90.44
Halliburton Overseas Ltd	Provision of directional drilling, MWD and LWD services	63.56
Weatherford Oil Tools Middle East Ltd.	Provision of directional drilling, MWD and LWD services	47.83
Smith International Gulf Services Kuwait W.L.L.	Supply of Nov Reed Hycalog Rock Drilling Bits	22.66
Arabi Enertech K.S.C	Construction of flowlines and associated works in West Kuwait areas	19.04
Baker Hughes EHO Ltd	Supply of Nov Reed Hycalog Rock Drilling Bits	18.89
International Inspection Centre (INTREX)	Specialised inspection services	14.50
General Trading Company	Provision of nursing services in Ahmadi hospital and its satellite clinics	13.22
Raith Engineering & Manufacturing Co.	Supply of Nov Reed Hycalog Rock Drilling Bits	11.33
Rawdatain-One General Trading Establishment	Supply of Varel Rock Drilling Bits	11.33
Halliburton Overseas Ltd	Supply of Halliburton Rock Drilling Bits	11.33
Arabi Enertech K.S.C.	Major Survey and repair services for storage tanks	8.89
Dulam International Ltd	Operation & maintenance support services for KOC offshore facilities	8.42
Asian Group General Trading and Contracting WLL	Sand control and associated services for South and East Kuwait areas	7.98
Integral Services Company for Mechanical Contracting & Instrumentation W.L.L.	General inspection services at company premises	4.35
Ali M. Al Ghanim & Sons General Trading Co.	Operation, maintenance, overhaul, installation and major modification of A/C system in company offices/industrial premises-Ahmadi – 2 contracts	4.14
Finesco International for General Trading & Contracting Co.	Pipeline rehabilitation and modification services in export facilities	3.58
Holman Fenwick Willan LLP	Consultancy provision of international legal services	3.01
McKinsey & Company LME Ltd	Provision for management consultancy services on call-off basis 2015	3.00
A.T. Kearney FZ LLC	Provision for management consultancy services on Call-off basis 2015	2.79

Source: Kuwait Oil Company (KOC)

### Kuwait extended deadline for Sulphur treatment facilities

KNPC has once again extended the bid deadline for a contract to construct Sulphur treatment facilities at the Mina al-Ahmadi refinery to 11<sup>th</sup> October from 20<sup>th</sup> September 2016 and this is 4<sup>th</sup> extension since June 2016. KNPC had prequalified more than 20 companies to bid for the scheme in May 2016, as mentioned in our previous edition (Issue 16). The scope of work includes construction of facilities such as liquid Sulphur storage tanks, liquid Sulphur feed pumps, granulator units, belt conveyor system, longitudinal stockyard for solid Sulphur, stacking machine, reclaiming machine, ship loader and associated facilities.

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

### **Kuwait invites tenders for water injection project**

KOC has invited 18 prequalified firms to submit bids for the contract Train 3 of Wara Pressure Maintenance project (WPMP). The deadline for an engineering, procurement and construction (EPC) submission is 13<sup>th</sup> December 2016. The scheme will boost Burgan oil field production, which will increase the capacity of water injection by 333,000 barrels a day (b/d) of water to 1 million b/d and includes work at the existing WPMP plant site, 2 effluent waste disposal plants as well as new manifolds, pipeline and flow lines.

#### **18 prequalified bidders for Train 3 of WPMP**

- |   |  |
|---|--|
| ❖ Tecnicas Reunidas (Spain)                   | ❖ Saipem (Italy)   |
| ❖ KBR (US)                                    | ❖ Samsung Engineering (South Korea)                              |
| ❖ Chiyoda (Japan)                             | ❖ Hyundai Heavy Industries (South Korea)                         |
| ❖ Daelim Industrial (South Korea)             | ❖ Consolidated Contractors Company (Athens)                      |
| ❖ Lurgi (Germany)                             | ❖ China Petroleum Engineering & Construction Corporation (China) |
| ❖ SK Engineering & Construction (South Korea) | ❖ Larsen & Toubro (India)  |
| ❖ Aker Kvaerner (Norway)                      | ❖ GS Engineering & Construction (South Korea)                    |
| ❖ JGC (Japan)                                 | ❖ Daewoo Engineering & Construction (South Korea)                |
| ❖ SNC Lavalin (Canada)                        |  |
| ❖ Petrofac (UK)                               |  |

### **Kuwait invites tenders for Gathering Centre (GC-32)**

In August 2016, KOC had invited firms to submit bids for the contract to build oil gathering centre known as Gathering Centre (GC-32) located in South and East of Kuwait. The deadline for submission of bids is 1<sup>st</sup> November 2016. The project is estimated to be valued at KD 607 million (USD 2 billion) and will be built near Kuwait's giant Burgan field. The scope of work involves the construction of a gathering center with a capacity of 120,000 barrels of crude with related facilities.

#### **Invited firms (main bidders)**

- ❖ Daelim Industrial (South Korea)
- ❖ GS Engineering & Construction (South Korea)
- ❖ JGC Corporation (Japan)
- ❖ Petrofac (UK-based)
- ❖ Saipem (Italy)
- ❖ Samsung Engineering (South Korea)
- ❖ SK Engineering & Construction Company (South Korea)
- ❖ Tecnicas Reunidas (Spain)

#### **Invited firms (Optional)**

- ❖ Aker Kvaerner (Norway)
- ❖ Chiyoda Corporation (Japan)
- ❖ China Petroleum Engineering & Construction (China)
- ❖ Consolidated Contractors Company (CCC) (Athens)
- ❖ Daewoo Engineering & Construction (South Korea)
- ❖ Hyundai Heavy Industries (South Korea)
- ❖ KBR (US)
- ❖ Larsen & Toubro (India)
- ❖ Lurgi (Germany)
- ❖ Saipem (Italy)
- ❖ SNC Lavalin (Canada)

### **Kuwait's CFP substations completed**

Germany's Siemens AG has completed the upgrades to high-voltage substations at KNPC's Mina Abdullah (MAB) and Mina Al Ahmadi (MAA) refineries in southern Kuwait, as part of a greenfield development to increase power stability and expand crude processing capacities at the refineries under KNPC's Clean Fuel Project (CFP). As part of a KD 68 million (USD 226 million) contract, Siemens delivered and installed a 132kV AHRF "C" substation at MAA refinery and a 300/132kV MARF "W" substation at MAB refinery, as well as provided 250 km of cabling for the project.

In September 2016, KNPC is expected to sign a loan agreement with international banks to borrow KD 2 billion (USD 6.7 billion) to finance the CFP project. In May 2016, as mentioned in our previous edition (Issue 16), KNPC was in talks with banks and financing institutions from Italy and United Kingdom as well as Saudi-based Arab Petroleum Investment Corporation. On 28<sup>th</sup> April, KNPC signed the 1<sup>st</sup> tranche worth KD 1.2 billion (USD 4 billion) for the project.

### **Arabi Group Holding awarded KD 53.4 million pipeline contract**

Arabi EnerTech, a subsidiary of Arabi Group Holding awarded KD 53.4 million (USD 177.6 million) contract, to construct crude oil pipelines and associated works in North Kuwait. Arabi submitted the lowest bid on an engineering, procurement and construction (EPC) tender and was selected to commence the project in June 2016, as mentioned in our previous edition (Issue 16).

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

### Kuwait invites tenders for Jurasic gas deal

KOC has invited 20 prequalified firms to submit EPC bids for Jurassic gas production facilities off-plot works contract at North areas. The deadline for bids submission was 16<sup>th</sup> August 2016. The scope of work includes installation of new pipelines and tie-ins to KOC's existing pipelines network.

#### Prequalified bidders

- ❖ Alghanim International General Trading & Contracting Company (Kuwait)
- ❖ Almeer Technical Services Company (Kuwait)
- ❖ Combined Group Contracting Company (Kuwait)
- ❖ Consolidated Contractors Company (Athens)
- ❖ Gulf Spic General Trading & Contracting Company (Kuwait)
- ❖ Heavy Engineering and Construction Company (Kuwait)
- ❖ Al-Dar Engineering Contracting Company (Kuwait)
- ❖ Mechanical Engineering Contracting Company (Kuwait)
- ❖ Mohammed Abdulmohsin al-Kharafi General Trading & Contracting Company (Kuwait)
- ❖ Mushrif Trading & Contracting Company (Kuwait)
- ❖ Arabi Enertech Company (Kuwait)
- ❖ Naser Mohammed al-Baddah & Partners General Trading & Contracting Company (Kuwait)
- ❖ KCC Engineering & Contracting Company (Kuwait)
- ❖ China Petroleum Engineering & Construction Corporation (China)
- ❖ KBR (US)
- ❖ Larsen & Toubro (India)
- ❖ Petrofac (UK)
- ❖ Saipem (Italy)
- ❖ Attila Dogan Construction & Installation Company (Turkey)
- ❖ Fluor (US)

### Kuwait to privatize state oil company subsidiaries

Kuwait is planning to sell 20-30% stakes in 4 oil and petrochemical subsidiaries of the Kuwait Petroleum Company (KPC), as part of a 4-year plan to carry out initial public offerings (IPO) in the country's owned oil sector.

Kuwait's move follows Saudi Arabia's decision to sell a minority share in its national oil company, Saudi Aramco. However, Kuwait's privatizations will not impact major producers and refiners such as Kuwait Oil Company (KOC) and Kuwait National Petroleum Company (KNPC).

#### 4 firms considered for privatization

- ❖ Kuwait Petroleum International (Q8)
- ❖ Kuwait Foreign Petroleum Exploration Company (KUFPEC)
- ❖ Kuwait Oil Tanker Company (KOTC)
- ❖ Petrochemical Industries Company (PIC)

## D. OTHER SECTOR'S PROJECTS

### Kuwait invites tenders for water pipelines deal

Kuwait's MEW has invited 18 prequalified firms to submit bids for the contract to lay 2 fresh water pipelines of 1,200 mm diameter for transporting water from the Mina Abdullah new port water distribution complex to Juliah and Nuwaiseeb areas. The deadline for bid submission is 18<sup>th</sup> September 2016.

MEW, as mentioned in our previous edition (Issue 16), awarded a contract worth KD 117.3 million (USD 388 million) to South Korea's Doosan Heavy Industries Company to build a new reverse osmosis (RO) desalination plant in the Doha area of Kuwait on 31<sup>st</sup> May 2016.

### Kuwait awards KD 17.4 million contract to EMECO

Kuwait's MEW awarded a contract worth KD 17.4 million (USD 57.7 million) to Electromechanical Engineering Company (EMECO) to replace overhead power lines across Kuwait. The contract is expected to be carried out over 34 months, which will include replacing 300/132kV power lines and is expected to result in improving electrical capacity.

#### Prequalified bidders

- ❖ Ahmadiah Contracting & Trading Company
- ❖ Al Ghanim International Corporation
- ❖ Al-Kharafi Construction Company
- ❖ Bayan National Construction Contracting Company
- ❖ Boodai Constructions
- ❖ Burhan International Construction Company
- ❖ Canar Trading & Contracting Company
- ❖ Combined Group Contracting Company KSCP
- ❖ Consolidated Contractors Company
- ❖ Copri Construction Enterprises Establishment
- ❖ Gulf Gates Marine Contractors Establishment
- ❖ Engineering & Contracting Company
- ❖ Khalid Ali Al-Kharafi & Brothers Company
- ❖ Mushrif Trading and Contracting Company KSCP
- ❖ Sai General Trading and Contracting Company
- ❖ The Arab Contractors (Osman Ahmed Osman & Co)
- ❖ The Kuwait Company for Process Plant Construction and Contracting KSCP
- ❖ United Gulf Construction Company

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