



# Kuwait Quarterly Newsletter

Issue 11/2023 – Economy & Projects update

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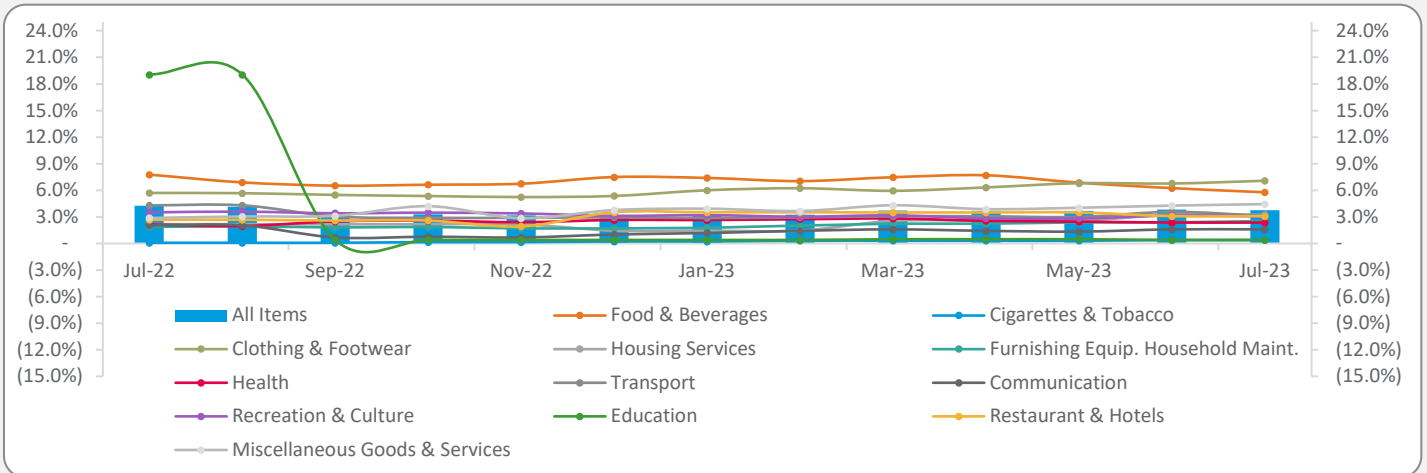
# 1. MACROECONOMIC UPDATE

## Consumer Price Inflation (CPI)

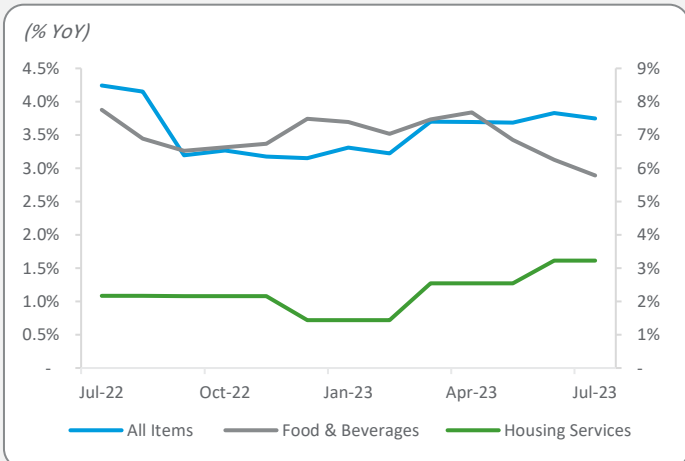
Kuwait's annual inflation, as measured by the Consumer Price Index (CPI), saw a slight decrease to 3.75% in July 2023, compared to the 4.24% year-on-year growth recorded in the same month of the previous year.

- In July 2023, the food and beverage category, an important component of the CPI, reached its lowest point in nearly three years at 5.79% in July 2023, down from 6.25% in June 2023. In terms of month-on-month price movements, food inflation experienced a 1.9% decrease compared to a 0.3% increase in April 2023, primarily attributed to lower prices of fish and seafood, fresh, frozen and dried fruits. Comparatively, prices of meat, poultry and milk increased.
- In July 2023, inflation levels increased in the clothing & footwear, and furnishing equipment & household maintenance categories, with year-on-year growth of 7.07% and 2.52%, respectively. This offset continued gains in the miscellaneous good services, health, and housing services components, which saw year-on-year increases of 4.42%, 2.34%, and 3.23%, respectively. However, there was a deceleration in prices of transport and recreation & culture categories, both recording 3.11% and 3.07% year-on-year in July 2023, compared to 4.30% and 3.51% year-on-year in the same month of the previous year.
- Meanwhile, inflation remained unchanged for the education, restaurant & hotels, communication, and tobacco & narcotics components on a month-on-month basis, with rates of 0.40%, 3.07%, 1.58%, and 0.37%, respectively, in contrast to prices in June 2023.

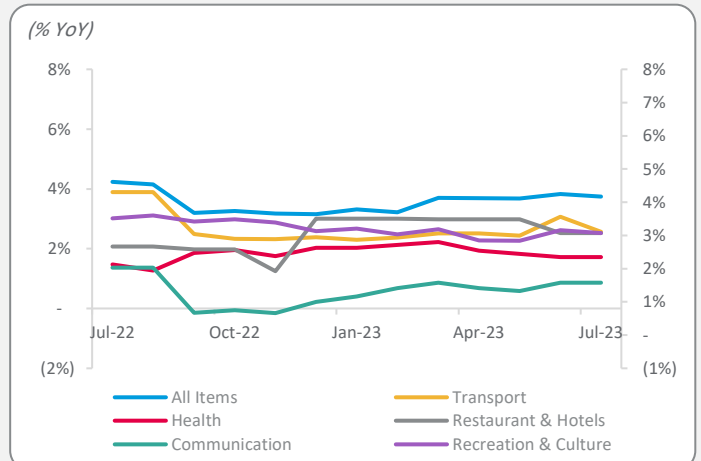
## Consumer Price Inflation and Key Components (%YoY)



## Inflation in F&B, and Housing Services



## Inflation in Other Components



Source: Central Statistical Bureau (CSB). Note: CSB has changed the base year for CPI to 2013 from 2007, starting with June 2017 data.

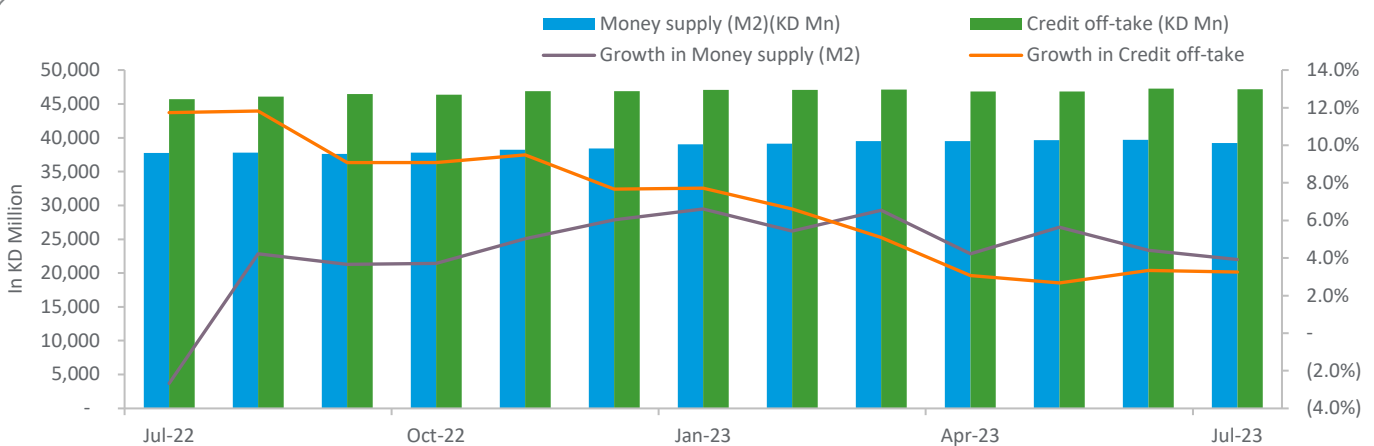
# 1. MACROECONOMIC UPDATE... CONT'D.

## Money Supply and Local Bank Deposits

The Money Supply (M2) in Kuwait experienced a modest easing in Q2 2023.

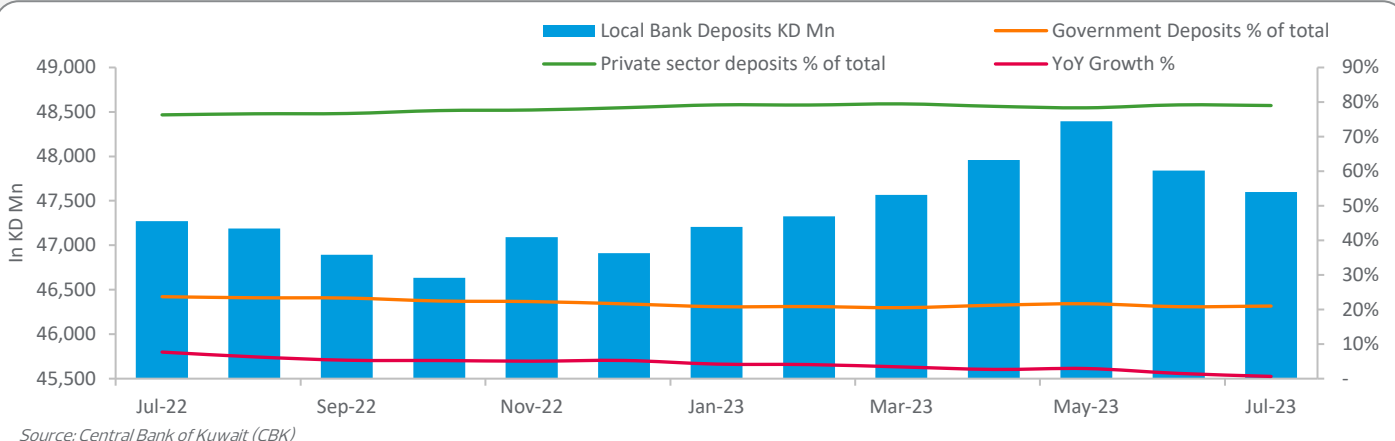
- Kuwait's broad measure of money supply (M2), showed a slight decrease of KD 0.28 billion from April 2023, reaching KD 39.24 billion. This reflects a year-on-year decrease of 3.9%. The main contributing factor to this M2 reduction was the decrease in sight deposits, which contracted by KD 0.68 billion, reaching KD 9.39 billion in July 2023. The contraction in M2 raises concerns for the Kuwaiti economy, implying a decrease in liquidity, potential limitations on investment, and less favorable conditions for economic growth.
- Furthermore, credit facilities extended by local banks in Kuwait continued to rise in Q2 2023, with an increase of KD 0.33 billion from April 2023, reaching KD 47.19 billion in July 2023. This represents a year-on-year growth of 3.3%. Personal facilities experienced an uptick of KD 0.14 billion from April 2023, reaching KD 18.55 billion in July 2023. This increase was primarily driven by the rise in installment loans, which grew by KD 0.16 billion during the same period.

## Growth in Money Supply and Credit Off-Take



- During July 2023, bank deposits at local banks in Kuwait recorded a year-on-year growth of 0.7%, reaching KD 47.60 billion. This increase was primarily propelled by the sustained expansion of private sector deposits in local currency. Private sector deposits constituted a significant 79.0% of the total bank deposit base, reaching KD 37.60 billion by July 2023.

## Local Bank Deposits



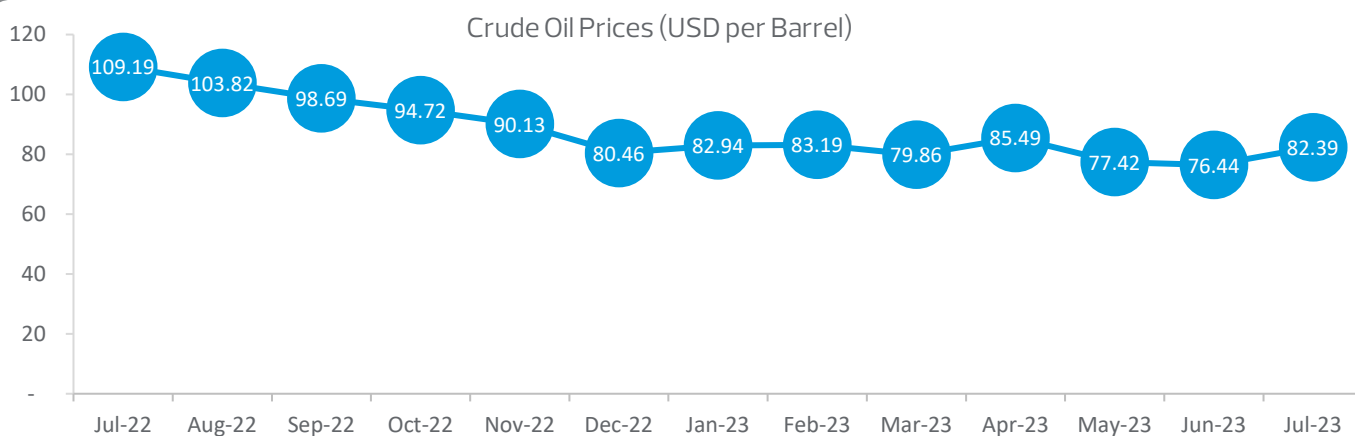
# 1. MACROECONOMIC UPDATE... CONT'D.

## Monthly Oil Production and Oil Price

Kuwait's crude oil prices surge in July 2023 amid Saudi Arabia's production cuts extension.

- In July 2023, Kuwait's crude oil averaged at USD 82.39 per barrel (p/b), a decrease of USD 3.10 p/b from April 2023's USD 85.49 p/b. However, a notable 7.8% month-on-month growth was observed, propelled by strong demand from Asian refiners for US crude deliveries, despite challenges like high temperatures affecting pipeline deliveries. The continued voluntary production cuts by OPEC+, including Saudi Arabia and Russia, have also played a role in stabilizing oil prices since the previous month.
- Meanwhile, supply constraints have heightened as Saudi Arabia extends its 1 mb/d production cuts into September 2023, with a possibility of further reductions. Russia also extended export curbs for the upcoming month. These actions aim to mitigate the impact of a US economic slowdown due to recessionary pressures and subdued Chinese data.

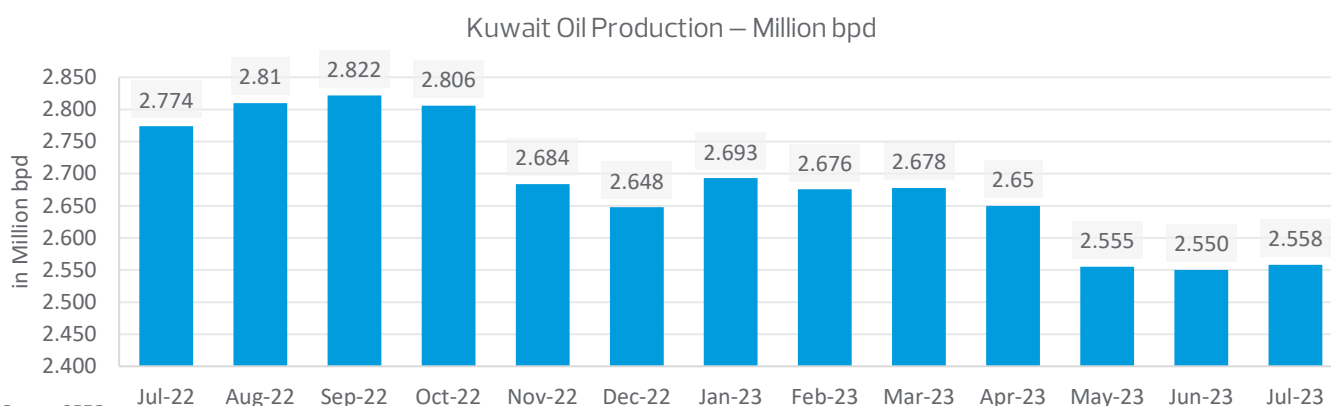
## Growth in Kuwait Oil Basket Prices



Source: OPEC

- Amid the unexpected production cuts initiated by OPEC+ producers in April 2023, Kuwait made a reduction of 128,000 barrels a day (b/d) (about 10% of the group's total cuts and roughly 5% of its own output).
- As of July 2023, Kuwait's crude oil production had reached 2.558 million barrels per day, down from the 2.774 million barrels per day recorded in the same month of 2022. However, there was a marginal month-on-month increase, with July 2023 surpassing 2.550 million (b/d) from June 2023.

## Movement of Kuwait Oil Production



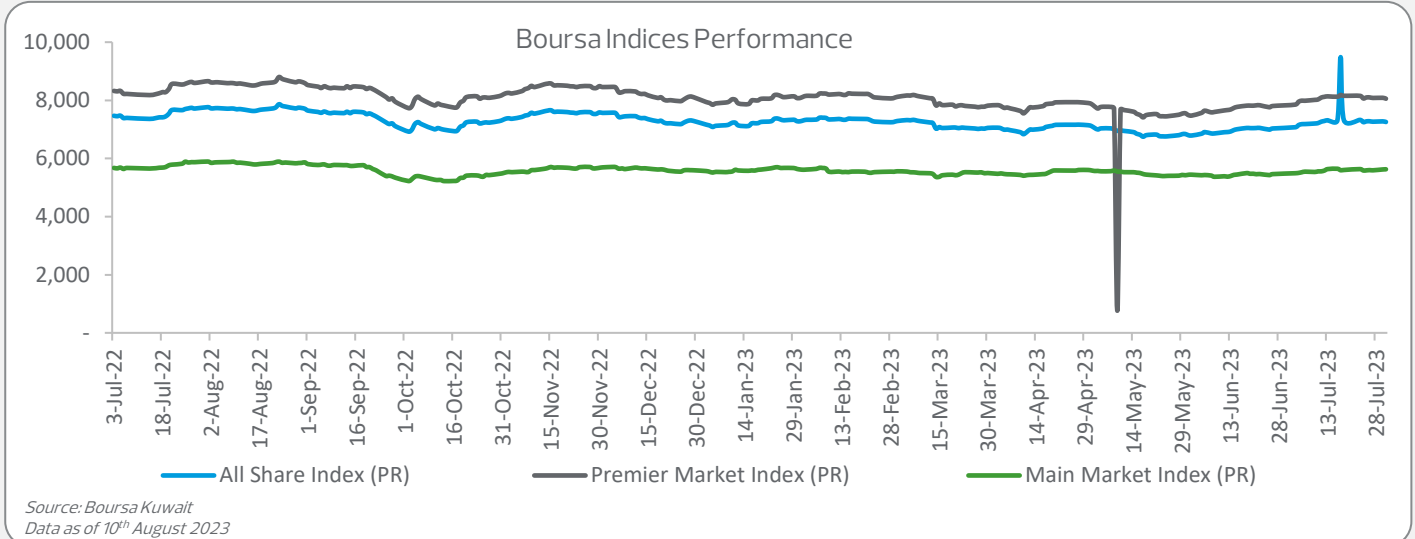
Source: OPEC

## 2. BOURSA FINANCIAL MARKET PERFORMANCE

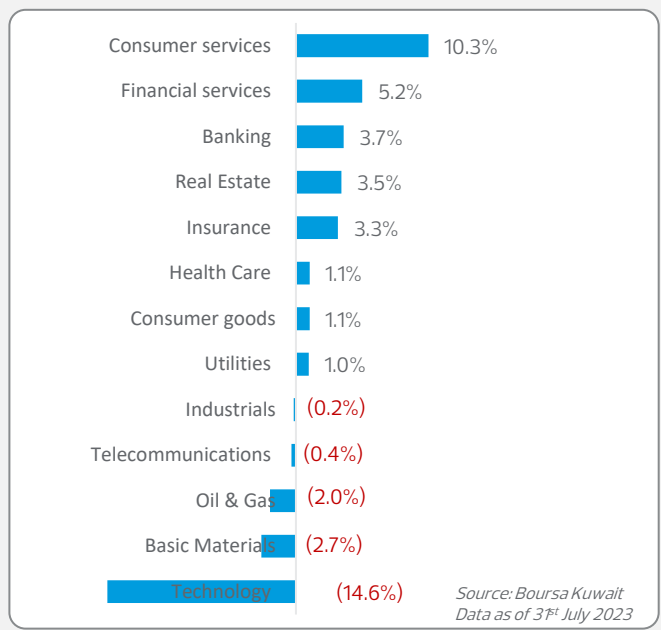
### Kuwait Boursa – Key Index Performance (Q2 2023)

- In July 2023, the average daily trading value concluded the month with positive momentum. The Premier Market Index achieved a 3.22% month-on-month increase, closing at 8,061 points. Similarly, the Main Markets Index recorded a 3.05% month-on-month rise, closing at 5,630 points. The All-Share Index also joined the upward trend, closing at 7,254 points with a 3.19% increase.
- In terms of sectoral indices on Boursa Kuwait, the consumer services, financial services, banking, real estate and insurance sectors demonstrated the most substantial gains, achieving 10.3%, 5.2%, 3.7%, 3.5% and 3.3% growth, respectively. Conversely, the Technology, Basic Materials, Oil and Gas, Telecommunication and Industrial sectors experienced declines of 14.6%, 2.7%, 2.0%, 0.4% and 0.2%, respectively in July 2023.

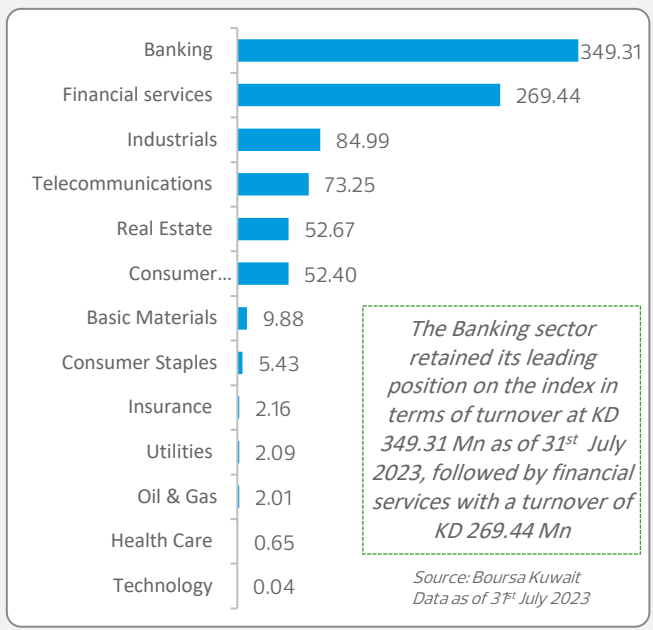
### Boursa Indices Performance



### Monthly Sector Index Returns (%)



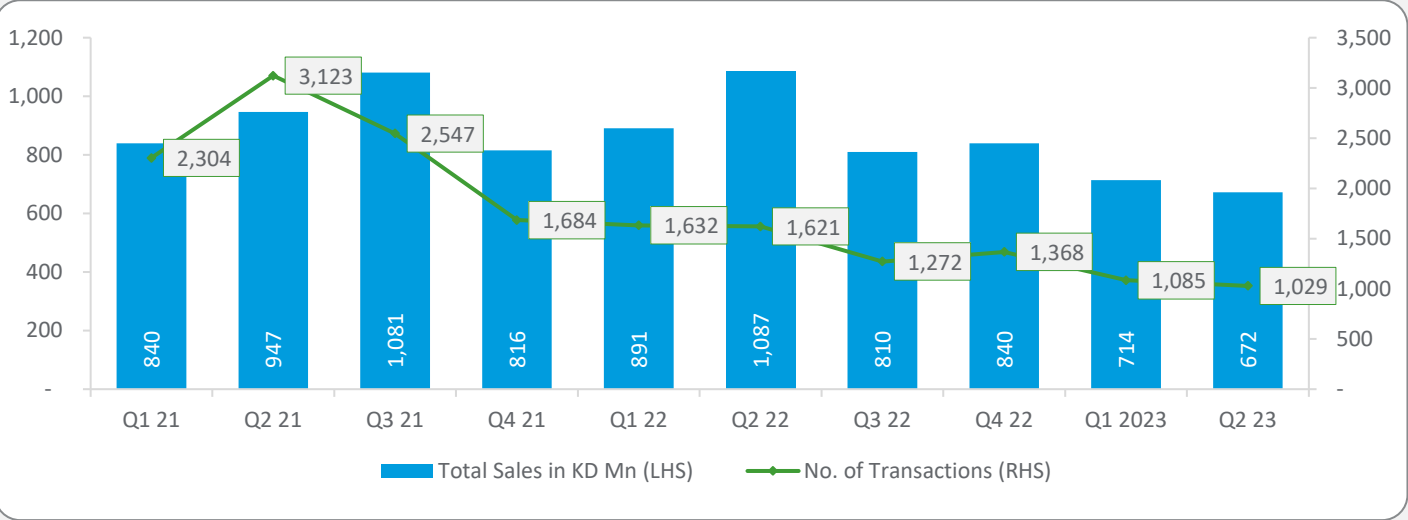
### Monthly Value Traded (KD Mn)



### 3. KUWAIT REAL ESTATE MARKET

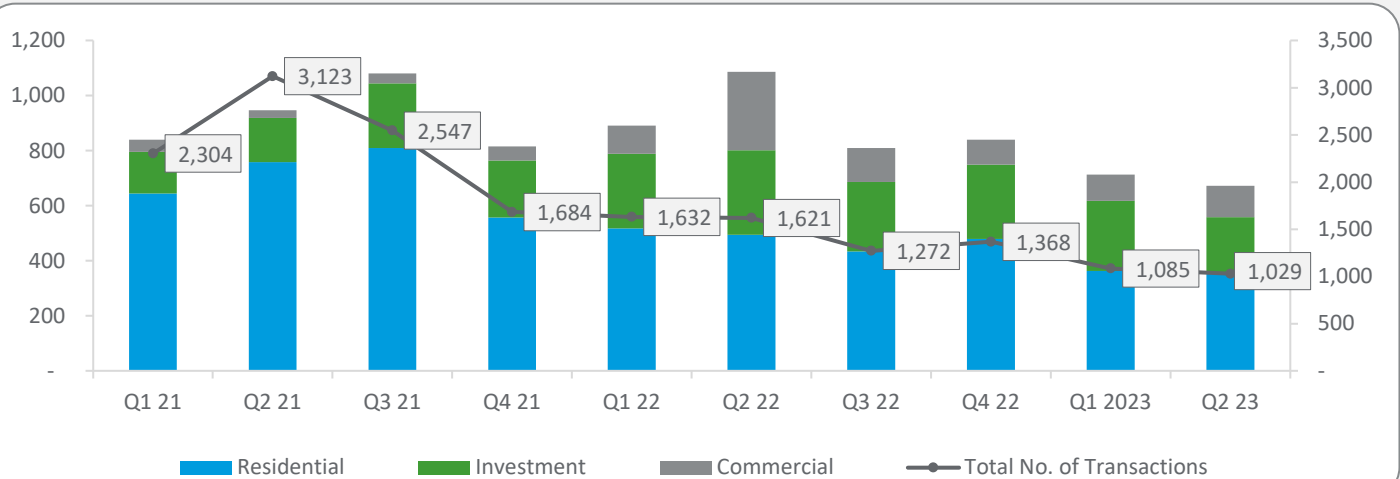
#### Overall Real Estate Sales (Q1 2021 – Q2 2023)

- Kuwait’s real estate market remained on a downward trend in Q2 2023, with sales reaching KD 672 million, marking the lowest level since Q1 2021. This persistent downward trend is primarily attributed to the increase in borrowing costs, which has impacted market valuations. Moreover, uncertainties surrounding reforms in utility subsidies and the allotment of plots and housing units have further contributed to this considerable decline.
- The total number of transactions dropped by 5% in Q2 2023, reaching 1,029 compared to the 1,621 recorded in Q2 2022. The decline is particularly evident in the residential and commercial sectors. In the residential sector, there were 729 deals compared to the 1,158 recorded in Q2 2022. Similarly, the commercial sector saw a major decline with only 20 deals registered in Q2 2023, compared to 91 deals in Q2 2022, representing a 78% drop.



#### Real Estate Segments Sales (in KD Mn)

- In Q2 2023, real estate sales experienced a second consecutive decline, reaching KD 672 million, marking the lowest level recorded since Q1 2021. This decline could potentially be attributed to seasonal factors, with a significant drop-in activity observed in April 2023, which coincided with the traditionally slower period of Ramadan/Eid.
- In terms of market segments, residential sector plummeted by 28% to KD 358 million, in sharp difference to the KD 495 million in Q2 2022. The investment sales (which includes individual units and apartment buildings) and commercial segments also witnessed substantial decreases of 35% and 60%, respectively in Q2 2023. However, on a quarterly basis, commercial sales showed a positive trend, increasing by 19% in Q2 2023, reaching KD 114 million compared to KD 96 million in Q1 2023.

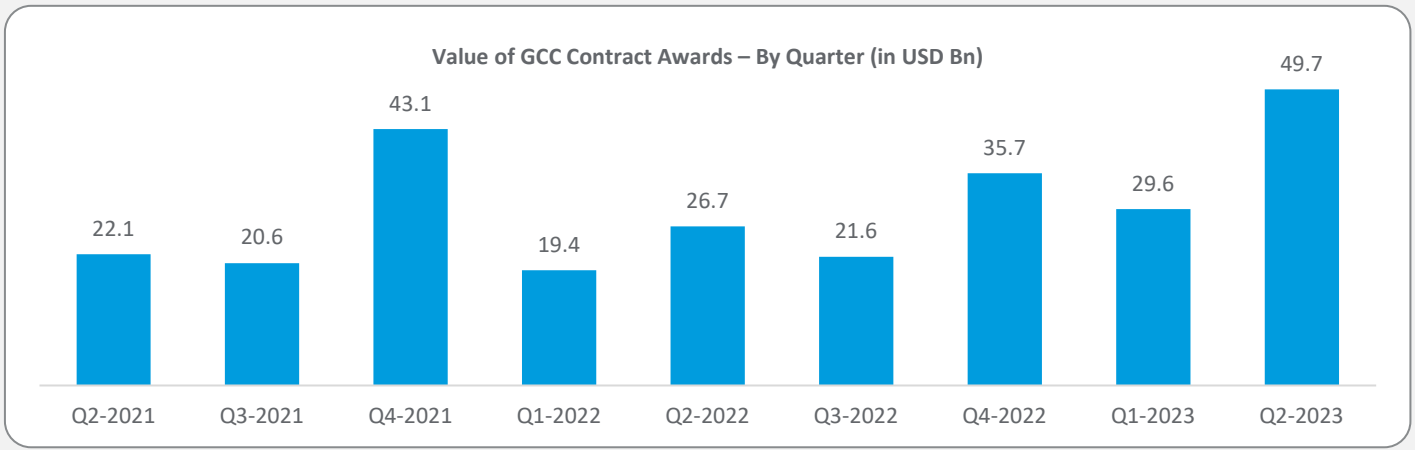


Source: RSM Kuwait, NBK Capital

# 4. MARKET SNAPSHOT OF GCC'S 2023 PROJECTS AWARD

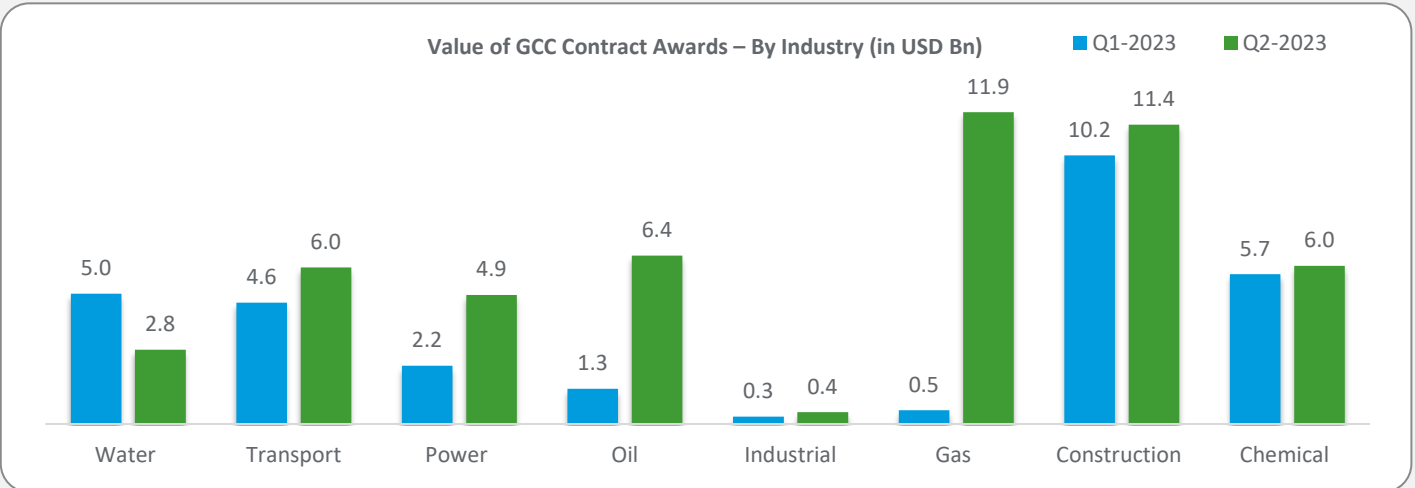
## Value of GCC contract awarded – By Quarter (in USD Bn)

- GCC project awards demonstrated resilience in Q2 2023 despite global economic challenges, including financial turmoil, elevated inflation, and the Ukraine-Russia conflict.
- The total value of GCC project awards surged by 86.2% year-on-year during Q2 2023, reaching USD 49.74 billion, a significant increase compared to the USD 26.72 billion awarded in Q2 2022. This robust increase underscores the GCC's unwavering determination to execute and accomplish its diversification targets. This achievement marks the highest quarterly project awards value since Q2 2021.



## GCC Project Awards – By Industry (Q2-2023)

- In sector performance, the Gas sector witnessed a remarkable growth in GCC project awards in Q2 2023, surging by USD 10.12 billion YoY to reach a total of USD 11.87 billion – a significant leap from USD 1.75 billion in Q2 2022. This trend continued quarterly, rising to USD 11.36 billion from Q1 2023, which was valued at a mere USD 0.52 billion.
- In Kuwait, the Power sector led with 50.9% of total projects awarded in Q2 2023, valued at USD 644 million (up from USD 48 million in Q2 2022). Transportation sector followed closely with USD 335 million (down from USD 773 million in Q2 2022), while construction sector saw a modest 6% increase, reaching USD 95 million in Q2 2023 (up from USD 90 million in Q2 2022).



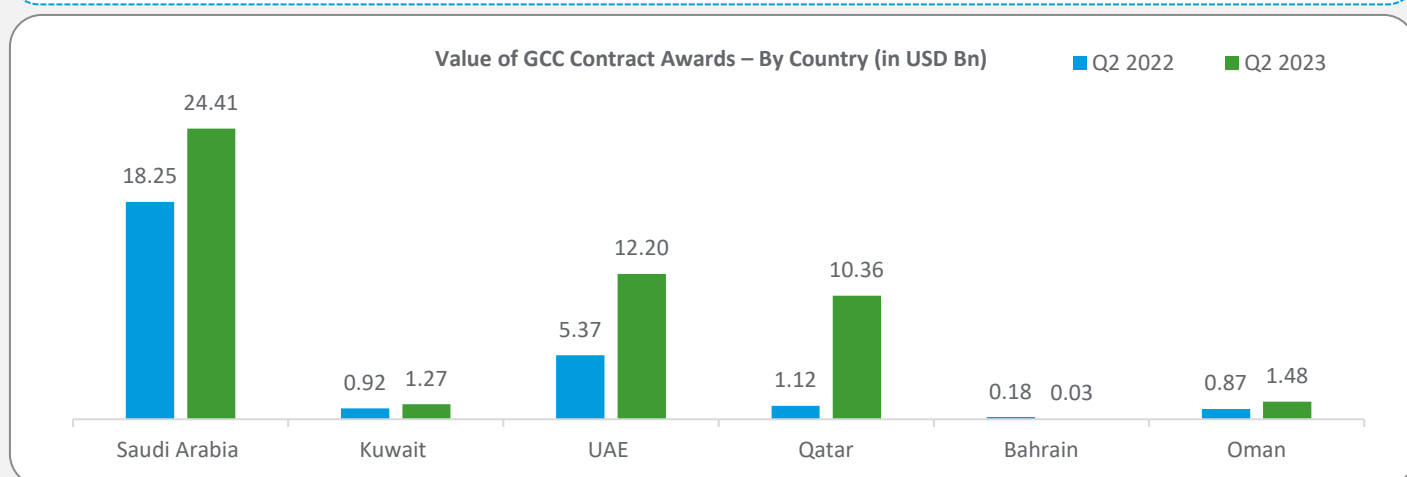
Source: RSM Kuwait, KAMCO Research



## 4. MARKET SNAPSHOT OF GCC'S 2023 PROJECTS AWARD... CONT'D.

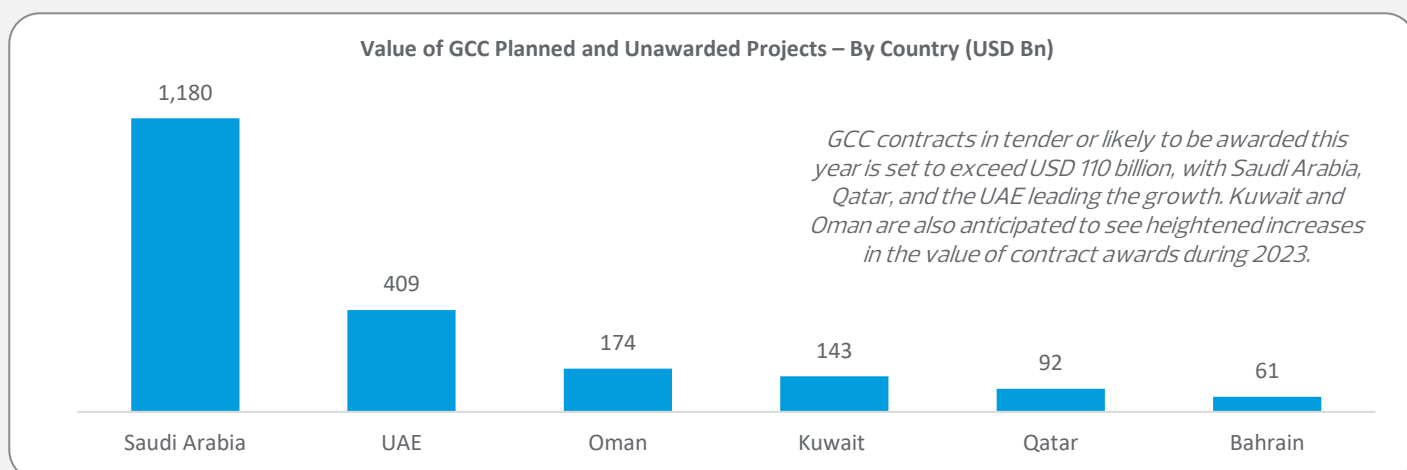
### Value of GCC contract awarded – By Country (Q2 2022 Vs Q2 2023)

- During Q2 2023, the GCC project markets expanded in all regions except Bahrain. Saudi Arabia took the lead, contributing 49.1% of contracts worth USD 24.41 billion, marking a 33.7% YoY increase from USD 18.25 billion in Q2 2022. The UAE saw an impressive 127.0% surge, reaching USD 12.20 billion compared to USD 5.37 billion in Q2 2022.
- In Kuwait, experienced a notable increase in awarded projects, rising to USD 1.27 billion in Q2 2023 from USD 0.92 billion in Q2 2022, marking its second-highest performance in 18 months, propelled by substantial infrastructure investment, a pivotal element in Kuwait's vision 2035 plan. According to news report, the Kuwait Public Authority for Housing Welfare (PAHW) stands as the prominent client for projects in Kuwait, overseeing an estimated USD 22.8 billion worth of ongoing projects.



### GCC Project Market Outlook

- In terms of planned and un-awarded projects, Saudi Arabia stands at the forefront in the MENA region with an estimated total of USD 1.18 trillion. Of this, USD 836.7 billion is allocated for construction, while USD 117.7 billion is earmarked for the power sector. Similarly, the UAE boasts USD 409.2 billion in planned and un-awarded projects, encompassing USD 228.7 billion in the construction sector, USD 91.7 billion in the Oil & Gas sector, and USD 41.6 billion in the transportation sector.
- Moreover, Kuwait presents a pipeline of planned and un-awarded projects totaling USD 142.7 billion. Of this, USD 44.3 billion (31%) is allocated for the construction sector, USD 37.5 billion (26%) for the transport sector, and USD 35 billion (25%) for the power sector.



## MAJOR PROJECTS UPDATE

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- A. Kuwait Authority For Partnership Projects (KAPP)
- B. Infrastructure And Development Projects
- C. Oil & Gas Sector Projects
- D. Other Sector Projects



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

### Kuwait extends tender deadline for National Rail Project

Kuwait's Public Authority for Roads and Land Transportation (PART), in collaboration with the Kuwait Authority for Partnership Projects (KAPP), has extended the tender closing date for a study and detailed design work for the Kuwait National Rail Road (KNRR) project to 1<sup>st</sup> August. The previous closing date was 11<sup>th</sup> July 2023.

The client, issued a request for proposals in January. The original closing date was 21<sup>st</sup> February 2023.

#### List of firms attended the pre-tender meeting and are interested bidders

- Dar al-Handasah (Lebanon)
- Egis (France)
- Gulf Consult (Kuwait)
- KEO International Consultants (Kuwait)
- Pan Arab Consulting Engineers (Pace)
- Sener (Spain)
- The Associated Engineering Partnership (Kuwait)
- WSP (Canada)

### The Kuwait and Saudi Governments advances GCC railway discussions

The GCC railway network has taken a significant stride as Saudi Arabia's King Salman bin Abdulaziz al-Saud grants authorization to the Transport Minister for discussions on a draft agreement with Kuwait, aiming to establish a rail link between the two nations. This decision, made in May 2023, signifies progress after years of delays.

In a related move, Saudi Arabia Railways (SAR) and the Saudi Public Transport Authority have appointed France's Systra to conduct a feasibility study for a high-speed rail link between Saudi Arabia and Kuwait.

Additionally, Kuwait makes strides in its GCC railway plans, with the Public Authority for Roads and Land Transport (PART) initiating a public tender for phase one's study and design work. The submission deadline for this tender is 30<sup>th</sup> May 2023.

The first Phase of the project, valued at KD 1 million (USD 3.25 million), entails a proposed single-track line designed to accommodate both passenger and freight trains.

### Kuwait receives responses for IWPPs projects

Kuwait's Ministry of Electricity, Water & Renewable Energy (MEWRE), in collaboration with the Kuwait Authority for Partnership Projects (KAPP), is planning to tender contracts for the development and operation of the Kuwait's next two Independent Water and Power Producer (IWPP) projects by the end of the year. This follows a previous round of statements of qualification (SOQs) from utility developers for these projects.

The reissued request for qualification aims to streamline the selection process.

The two schemes, Al-Zour North 2 & 3 and Al-Khiran 1 will have a total combined power generation capacity of 4,500MW and a water desalination capacity of over 150 million imperial gallons a day (MIGD), which will go a long way to address Kuwait's precarious electricity and water supply situation.

#### Firms submitted SOQs for IWPP scheme

- Abu Dhabi National Energy (Taqa, UAE)
- Acwa Power (Saudi Arabia)
- Jera (Japan)
- Kepco (South Korea)
- Mitsui (Japan)
- Nebras Power (Qatar)
- Sumitomo (Japan)

## B. INFRASTRUCTURE AND DEVELOPMENT PROJECTS... CONT'D.

### Kuwait's ambitious 2023/2024 Development Plan: Unveiling 30 Dynamic Projects Set for Launch

The Kuwait Ministry of Public Works (MPW) has approved the launch of around 30 projects in the fiscal year 2023/2024.

These projects span various sectors including sanitary engineering, planning and major projects sector, Government Center for Examinations and Quality Control; while Additional projects are in the approval process for other sectors. Notable projects include:

- Study and preliminary design of a deep tunnel system to address sewage water discharge into the sea during emergencies, manage floods, and protect communities.
- Development, construction, and operation of a treated water system in the southern part of Kuwait to enhance food security by establishing a third treated water line from the Control Center to Wafra farms.
- Upgrading the existing Wafra station and irrigation network within Wafra farms.
- Study the development, construction of a treated water system in the northern region to increase agricultural production, reinforce food security, and reduce reliance on imported treated water.

#### Major Projects Sector involvement:

- Launching the fourth phase of the new Kuwait airport project, focusing on government buildings at Kuwait International Airport.
- Integrating automated and cybersecurity systems with the Airport Command Building.
- Construction of civil aviation structures including the Command-and-Control Center, Eastern and Western Data Centers, Communications Center, and buildings for Health and Interior ministries.

#### Other Key Projects:

- Study and design of deep tunnel system.
- Operation and maintenance of Abdally farms pumping stations.
- Maintenance and operation of Governmental Center for Testing and Quality Control.
- Establishment and operation of a nationwide network of treated water tanks.
- Fourth stage of the Kuwait International Airport project.

### Kuwait prepares to awards road contracts

Kuwait's Ministry of Public Works (MPW) is set to award road maintenance tenders by mid-August. The project encompasses road and bridge maintenance as well as stormwater upgrades in various areas, including the capital, Hawally, Farwaniya, Jahra and Mubarak al-Kabeer.

The estimated cost ranges from KD 220 million to KD 240 million (USD 726 million to USD 792 million). A pre-bidding meeting occurred on 1<sup>st</sup> June 2023 at the MPW headquarters in South Surra, Kuwait. The project is slated for a 3-year implementation period from the commencement of construction.

International companies from countries like the US, China, Turkey, and India were eligible to bid. These include:

#### List of International bidders include

- Shimizu Corporation (Japan)
- Nippo Corporation (Japan)
- World Kaihatsu Kogyo Co. (Japan)
- Itochu Corporation (Japan)
- Toa Corporation (Japan)
- Daewoo Engineering & Construction Co. (South Korea)
- Hyundai Engineering & Construction Co. (South Korea)
- Korea Expressway Corporation (South Korea)
- Sinohydro Corporation (China)
- China First Highway Engineering Company (China)
- China State Construction Engineering Corp. (China)
- China Gezhouba Group Company (China)
- Eiffage Construction (France)
- Colas (France)
- Eurovia (France)
- Dogus Construction & Trading Company (Turkiye)
- Eser Contracting & Industry Company (Turkiye)
- Limak Construction Industry & Trade Company (Turkiye)
- Onur Contracting Transportation, Construction Trade & Industry Company (Turkiye)
- Tekfen Construction & Installation Company (Turkiye)
- Gap Construction Investment & Trade Co. (Turkiye)
- Strabag International (Germany)
- S&S Paving & Construction (US)
- Megha Engineering & Infrastructure (India)
- Gawar Construction (India)
- Raj Corporation (India)
- Apco Infratech Private (India)
- Lakshmi Infrastructure & Developers (India)
- Laresen & Toubro (India)
- Duna Group-Dunaaszfalt ZRT (Hungary)

## B. INFRASTRUCTURE AND DEVELOPMENT PROJECTS... CONT'D.

### Kuwait to award Raqqa roads projects by September 2023

The Kuwait Ministry of Public Works plans to award the primary construction contract for the Raqqa roads and related works project by the end of September 2023. With an estimated cost of USD 70.0 million, the project encompasses the construction, finalization, and maintenance of roads, storm drains, and services in the eastern region of Raqqa.

The project is scheduled for completion by Q2 2025.

### International firms competes for Kuwait airport terminal operation

Kuwait's Directorate General of Civil Aviation has invited six prequalified firms to submit bids for the operation of Terminal 2 at Kuwait International Airport. Bids are open until 10<sup>th</sup> October 2023.

The contract encompasses the management, development, and maintenance of the terminal and its airside areas. This initiative follows the construction of Terminal 2 by Turkish contractor Limak under a USD 4.3 billion contract awarded in 2016.

### PAHW earmarks Q3 2023 to award contracts for resident projects in Kuwait

By Q3 2023, the Public Authority for Housing Welfare plans to award key contracts for the South Saad Al-Abdullah Residential City project in Kuwait. The first contract, expected by mid-August 2023, covers main road, infrastructure and utility works.

The second contract, anticipated in September 2023, involves project management and supervision consultancy. The project is estimated to cost USD 150 million and slated for completion by Q4 2027.

### Kuwait to award worth USD 170 million EPC contract

Kuwait Public Authority for Housing Welfare (PAHW) aims to award an EPC contract for twelve 11/132kV substations in the non-residential suburbs of Al Mutlaa City by the end of Q3 2023. With a projected cost of USD 170 million, the project includes supply, installation, construction, and maintenance.

Bidders includes the National Company for Electricity Boards, Larsen & Toubro Kuwait Construction General Contracting, and National Contracting Company. The project's completion is targeted for Q4 2026.

### Kuwait to award Sabah Al-Ahmad residential city infrastructure works by Q2 2023

The Public Authority for Housing Welfare in Kuwait plans to award the main construction contract for the Sabah Al-Ahmad residential city roads and infrastructure works project by the end of Q2 2023. With an estimated cost of USD 50.0 million, the project includes the construction and maintenance of road and infrastructure development, irrigation reservoir works and electricity substations for the service axis of the Sabah Al-Ahmad Residential City project.

The project has received bids from 10 firms including Bayan National Construction Contracting and Kuwait Factories Building and Contracting Company. The project is targeted for completion by Q4 2025.

### Kuwait to issue tenders for Mubarak Al-Kabeer Port

Kuwait is set to release tenders for the completion of Mubarak Al-Kabeer Port, a project initiated two years ago as part of China's Belt and Road Initiative. After completing most work in the Port in Bubiyan Island, Kuwait is expected to partially commission the port by October 2023.

The new tenders, projects to cost around KD 300 – 400 million (USD 990 million – USD 1.32 billion), encompass diverse projects such as main building construction, road development, a container yard establishment, equipment procurement and operation for port activities, and deepening the canal connecting the port to Khor Abdullah Port.

### Construction Begins for South Sabah al-Ahmad City's Infrastructure

Kuwait Arab Contractors Company (KACC) has initiated the construction of infrastructure for South Sabah al-Ahmad City in Kuwait. This development follows KACC being awarded a contract worth USD 368 million by the Public Authority for Housing Welfare (PAHW) in March 2023. The scope of the project encompasses roadways, utility service networks, rainwater tanks, freshwater systems, saline water networks, and associated facilities.

The masterplan for the project, spanning 6,150 hectares and featuring over 11,000 housing units in a residential development, was crafted by UK-based Foster + Partners. The construction is anticipated to take three years for this undertaking situated 70 kilometers south of Kuwait.

## C. OIL & GAS SECTOR PROJECTS... CONT'D.

### Kuwait tenders two refinery contracts

Kuwait National Petroleum Company (KNPC) has tendered two strategic contracts focused on the Mina al-Ahmadi (MAA) refinery. The first contract entails utilizing high-resolution ultrasonic intelligent pigging technology to inspect six submarine pipelines at the facility, detecting corrosion, metal loss, cracks, and deformations. A pre-tender meeting for this contract was held on 3<sup>rd</sup> August 2023, with bid submission due by 19<sup>th</sup> October 2023.

The second contract involves consultancy services for front-end engineering and design (FEED) for a fuel gas desulphurisation unit (FGDU) at the Mina Al-Ahmadi (MAA) Refinery. FGDU processes aim to mitigate sulphur dioxide emissions from industrial exhaust flue gases. The contract is estimated to be worth USD 200 million. The pre-bid meeting for the contract was held on 2<sup>nd</sup> August 2023, and 19<sup>th</sup> October 2023 is set as the bid submission deadline. Ten prequalified firms are eligible to bid for this contract.

#### Prequalified bidders to bid for FGDU

- Wood Group (United Kingdom)
- Engineers India (India)
- Toyo Engineering Corporation (Japan)
- ILF Consulting Engineers (Austria)
- Asprofos (Greece)
- Gulf Spic General Trading & Contracting (Kuwait)
- Larsen & Toubro (India)
- Triune Energy Services (India)
- Worley Engineering (Australia)
- Technip Energies (France)

### Kuwait completes USD 480 million Gas Pipeline Project

Kuwait Oil Company (KOC) confirmed that, India-based contractor Larsen & Toubro has successfully concluded a significant gas pipeline project valued at USD 480 million.

The 40-inch strategic gas pipeline, spanning 140 kilometers, is now operational, efficiently transporting gas from Gas Booster Station 132 in Kuwait's north to the Mina al-Ahmadi refinery complex.

### Kuwait announces KD 132.46 million in contract awards

Kuwait's Heavy Engineering Industries & Shipbuilding Company (Heisco) has secured contracts worth KD 132.46 million (USD 431.4 million) from various Kuwaiti clients. The contract awards were announced by Heisco in June and July filings to Boursa Kuwait, where Heisco's shares are listed.

Petrochemical Company, Kuwait Oil Company, and Kuwait National Petroleum Company are the clients awarding these contracts.

The specific contracts secured by Heisco include:

- 1) Kuwait Oil Company – Involving the enhancement of water facilities through upgradation project (RFP 2032135), this contract is valued at KD 18.3 million (USD 59.85 million).
- 2) Kuwait National Petroleum Company – Heisco to execute Mechanical maintenance services for the Mina Abdullah (MAB) refinery project (CB/CMS/2001) – The contract value is KD 91.78 million (USD 298.89 million), and its anticipated duration spans 63 months.
- 3) Equate Petrochemical Company – A contract worth KD 3.925 million (USD 12.78 million) has been awarded to Heisco for the execution of the Aromatics TA 2024 area 1 and 3 mechanical lump sum project. The contractual timeframe is set at 8 months.

### Kuwait extends bid deadline for gas plant project

Kuwait has extended the bid deadline for a consultancy tender aimed at overseeing the overhaul of the acid gas removal plant (AGRP-1) at Mina al-Ahmadi Refinery. The contract pertains to providing consulting services for the front-end engineering design (FEED) and preparing the invitation to bid.

The Central Agency for Public Tenders (CAPT) has rescheduled the closing date on 6<sup>th</sup> July 2023 from the initial date of 29<sup>th</sup> June 2023.

## C. OIL & GAS SECTOR PROJECTS... CONT'D.

### Kuwait awards KD 114.28 million for 250MW Subiya power plant upgrade

Kuwait's Ministry of Electricity & Water & Renewable Energy (MEWRE) has awarded a contract valued at KD 114.28 million (USD 372 million) to Kuwait-based, Heavy Engineering Industries & Shipbuilding (Heisco) for the second phase upgrade of the Subiya power plant complex.

The project entails the transformation of an existing 250MW simple-cycle plant into a combined-cycle gas-turbine facility. The scope of work covers supply, construction, operation, and maintenance.

Earlier, in April 2023, a consortium involving HEISCO and Japan's Mitsubishi Power Limited secured worth KD 90.9 million (USD 298.3 million) contract from MEWRE for retrofitting the main thermal power generation plant within the Subiya power complex, aiming to achieve a capacity of 2,400MW once completed.

### Kuwait extends deadline for refinery project

Kuwait Integrated Petroleum Industries Company (Kipic) has extended the bid submission deadline for a contract for a project to produce alternative raw materials for the hydrogen production unit at its USD 16 billion Al-Zour refinery. The new bid deadline, previously set for 20<sup>th</sup> June 2023, has been extended to 24<sup>th</sup> September 2023.

The scope of the contract entails engineering, procurement, and construction (EPC) work, along with pre-commissioning, start-up, and quality testing tasks. The project, estimated to cost USD 150 million, is slated to be completed over a 36-month period. The EPC work involves constructing various units, including compression facilities, hydrogen production, steam generation, and associated facilities.

#### Key contractors attended pre-tender meeting

- Hyundai Engineering & Construction (South Korea)
- Larsen & Toubro Energy Hydrocarbon (India)
- Petrofac (UK)
- Samsung Engineering (South Korea)
- SK Engineerign & Contracting (South Korea)

### Kuwait awards contract to Saudi firm for flare replacement project

Saudi Arabia's firm, Al-Dar Engineering has secured a contract from Kuwait Oil Company (KOC) to replace flares at three of its oil and gas gathering centers (GCs).

The project, which saw 11 contractors submit bids, involves replacing flare stacks at GC-15, GC-23, and GC-25 with units designed for lower environmental impact. The project was first tendered in July 2021, and saw extensive delays before bids were submitted.

Flaring, the routine burning of associated natural gas at oil fields and downstream facilities, has environmental and health implications. KOC's monitoring systems have faced challenges, with concerns about underreported greenhouse gas emissions. Methane emissions from the energy sector, including Kuwait Petroleum Corporation (KPC), have come under scrutiny for their environmental impact.

#### 11 firms submitted bids for the project

- Nasser Mohammed al-Baddah & Partner General Trading & Contracting Company (Kuwait)
- Heavy Engineering Industries & Shipbuilding Co. (Kuwait)
- Al-Meer Technical Services Company (Kuwait)
- Mechanical Engineering & Contracting Co. (Kuwait)
- Gulf Spic General Trading & Contracting Co. (Kuwait)
- Spetco International Petroleum Company (Kuwait)
- Al-Dar Engineering & Construction Co. (Saudi Arabia)
- Zenith Group Company for Drilling & Maintenance of Oil Wells (Kuwait)
- Al-Ghanim International General Trading & Contracting Company (Kuwait)
- Finesco International General Trading & Contracting Company (Kuwait)
- Integral Services Company for Mechanical Contracting & Precision Instruments (Kuwait)

### HEISCO secures lowest bidder for Substation Projects in Kuwait

In a tender issued by Kuwait Oil Company (KOC), Heavy Engineering Industries & Shipbuilding (HEISCO) has emerged as lowest bidder for a substation construction project in Kuwait.

HEISCO submitted the lowest bid of KWD 19.9 million (USD 65.2 million). The project's scope involves replacing existing substations in GC-25 and GC-28 with new elevated substations.

## C. OIL & GAS SECTOR PROJECTS... CONT'D.

### Kuwait prepares to tender two major oil and gas contracts

Kuwait Oil Company (KOC) is ready to invite bids for two significant oil and gas projects in Kuwait. With a combined value of USD 1.35 billion, these projects center on expanding effluent water disposal plants and upgrading gathering centers.

One of the projects, designated EF/2058 and valued at approximately USD 650 million, entails the expansion of two effluent water disposal plants, known as EWDP-1 and EWDP-2. EWDP-1 is situated approximately 20 km south of Kuwait City, while EWDP-2 is located around 40 km south of the Capital.

The second project, marked as EF/2059 and valued at roughly USD 700 million, focuses on enhancing four gathering centers (GCs) in eastern Kuwait. The targeted GCs will be upgraded as part of the projects GC 1, GC 2, GC 11, and GC 19.

Despite prevailing political uncertainties in Kuwait causing project delays, these KOC initiatives are poised for tendering and might remain less affected. These projects aim to tackle persistent challenges in Kuwait's oil and gas infrastructure, including water disposal concerns within the Burgan oil field.

### Kuwait extends deadline for revegetation contracts

Kuwait's multibillion-dollar Kuwait Environmental Remediation Programme (Kerp) has witnessed a new bid submission deadline for the revegetation contracts. The Central Agency for Public Tenders (Capt) has moved the deadline to 23<sup>rd</sup> July 2023, from the initial date of 18<sup>th</sup> June 2023. This extension was necessitated by the need to address contractor queries and obtain necessary approvals.

The project is expected to be divided into four packages with a combined value of around USD 675 million.

The Kuwait Oil Company (KOC) is tendering these four revegetation contracts, encompassing both enabling and revegetation works. The selected contractors will utilize treated soil from ongoing remediation projects to cultivate native plants, thereby contributing to environmental restoration. Delays in the tendering process may impact the project's completion timeline. Kerp, a monumental environmental remediation initiative, was initiated by the UN Compensation Commission to address the ecological repercussions of the 1990-91 Gulf War.

### Kuwait aims for early completion of JPF 4 & 5 ahead of schedule

Kuwait Oil Company (KOC) is making swift progress in its two crucial projects, known as Jurassic Production Facilities 4 (JPF 4) and JPF 5, potentially completing them before the stipulated 780-day contractual schedule.

Earlier, KOC awarded the main contract of USD 398 million for JPF 4 to Kuwait-based, Spetco in December 2021, while China's Jereh secured a worth USD 426 million contract for JPF 5 in the same month.

These projects involve onshore surface production facilities and are being implemented on a build-own-operate basis by a contractor. The facilities aimed at processing hydrocarbon fluids from various fields, producing treated sweet crude and rich gas daily. The initiatives are part of KOC's efforts to address Kuwait's increasing gas demand from the Jurassic reservoirs.

### Kuwait extends Jurassic Oil Project bid deadline

The Kuwait Oil Company (KOC) has decided to extend the bid deadline for a contract involving the development of flowlines and related works in Kuwait. The new deadline is now set for 15<sup>th</sup> August, an extension from the initial date of 1<sup>st</sup> August 2023. Originally, the contract had been tendered with a bid submission deadline of 9<sup>th</sup> July 2023.

Kuwait-based HOT Engineering & Construction Company (Hotecc) has been selected to execute the contract for oil flowlines and associated works. The contract has a duration of three years.

### HOTECC secures maintenance contract for KOC's facilities

Kuwait Oil Company (KOC) has awarded a contract to Kuwait-based contractor Hot Engineering and Construction Company (HOTECC) for provision of maintenance services for its oil production facilities in southern Kuwait over a period of five years.

Under the agreement, the HOTECC will provide procurement and construction services to KOC for three years. HOTECC's portfolio now stands at USD 1 billion. The partnership aims to ensure optimal performance of KOC's facilities in the south.



## D. OTHER SECTOR PROJECTS... CONT'D.

### Egis selected for PMC services for Kuwait Airways Tower project

The project involves constructing a multi-storey tower with up to 30 floors, along with a two-level basement for parking, a multipurpose hall podium with retail space, and additional levels. Egis will oversee preconstruction, construction phases, feasibility studies, site analysis, market research, cost and time management, concept development, value engineering, and project scheduling under the contract.

### Kuwait awards worth USD 65 million for power grid project

Kuwait Ministry of Electricity and Water & Renewable Energy (MEWRE) has awarded a worth USD 65 million contract to Taihan, South Korea for the EHV Power Grid Turnkey Project.

The project involves the construction of an underground power grid that connects existing substations in Kuwait City, the country's capital. The project aims to effectively meet the city's growing power demand. Taihan will oversee the entire project in a turnkey manner, which includes supplying 300kV grade Extra High Voltage (EHV) cables and accessories, power grid design, installation, connection, and testing.

### KOC receives bids submission for long term agreement

Kuwait-based, Combined Group Contracting (CGC) has submitted the lowest bid worth KD 48.5 million (USD 158.2 million) for a Long-Term Supply Agreement project issued by Kuwait Oil Company (KOC).

The project encompasses the supply of 6" and 12" pipes for North and East Kuwait, divided into Group 1 and Group 2. The project is scheduled for a duration of 3 years.

### Kuwait Greenlights Data Center Construction Project

Kuwait is set to construct three Google database and Cloud service centers across different Gulf state locations in a collaboration with the US technology company. With a combined land area of 90,000 square meters, these sites will be strategically positioned within 10 km each other, as planned in coordination with Google. The project is slated to start within two years, focusing on center infrastructure and road development.

### Kuwait unveils ambitious KD 205 million tourist resort project

Kuwait intends to construct a tourist resort on an island, with an estimated cost of KD 205 million (USD 676 million), as part of the ongoing economic diversification programme. The cabinet has recently reviewed the proposal, which suggests offering the project to investors on a 30-year lease basis.

The private sector is expected to contribute around KD 130 million (USD 429 million) towards funding. The resort concept includes a 250-room family resort, a 180-room luxury hotel, 150 chalets, a 5,000 sqm rental area, a multi-purpose hall, sports facilities, shops, recreation centers, a marina, and a public beach.

### Kuwait to build nearly KD 200 million fun city

Kuwait OPEC oil producer aims to construct a tourist-focused fun city worth KD 200 million (USD 660 million) to diversify its economy away from oil dependence. The project, situated in Kuwait City's Doha area, involves KD 80 million (USD 264 million) for infrastructure and KD 120 million (USD 396 million) in capital expenses. The city aims to draw over 900,000 visitors by 2030, boosting the country's income beyond oil exports.

To attract investors, the government suggests a 50-year lease instead of three years. The development includes an amusement park, sports courts, a hotel, water parks, shops, restaurants, and electronic game centers.

## D. OTHER SECTOR PROJECTS... CONT'D.

### Kuwait plans to tender oil field substation

Kuwait Oil Company (KOC) is planning the development of several new electricity substations in its oil fields. One contract, involves constructing three 132kV substations known as (Ahmadi F, Burgan F, and Burgan G) along with related power lines in southeast Kuwait.

Another contract, entails building two substations in Kuwait's Bahra field: a 72MW substation named Bahra-A and a 20MW substation called Bahra-A2.

However, Kuwait's hydrocarbon project market has contracted due to political instability, with the total value of active projects decreasing by 65% since 2020. A recent dissolution of the National Assembly and uncertainty in Kuwait's political landscape may lead to further project delays.

### Kuwait to award EPC contract for 300MVA Power Transformer Project

The Kuwait Ministry of Electricity & Water & Renewable Energy (MEWRE) is set to award the engineering, procurement, and construction (EPC) contract for its 300 MVA power transformer project at Sulaibiya station (W) in Al Jahra Governorate by Q3 2023.

The EPC bid submission deadline is 11<sup>th</sup> July 2023, with the tender released on 28<sup>th</sup> May 2023, and a pre-tender scheduled for 13<sup>th</sup> June 2023.

The project is estimated to cost USD 85 million and is expected to be completed by Q2 2025. The scope encompasses design, procurement, testing, and installation of the transformer, along with associated systems and services.

### Kuwait unveils ambitious plan for World's tallest Tower: Burj Mubarak Al-Kabir

Kuwait plans to construct the world's tallest tower, Burj Mubarak Al-Kabir, soaring a height of 1,001 meters heights, with an estimated costs approximately USD 1.2 billion. The tower is a centerpiece of the Madinat Al-Hareer, also known as the "City of Silk" situated in Subiya area of Kuwait City.

Designed by renowned Spanish architect Santiago Calatrava, the tower draws inspiration from Islamic minarets, characterizing by its elegantly tapering design.

The development covers 250 square kilometers, featuring residential, commercial, and entertainment spaces, plus a central park. Over a span of 25 years, the project aims to foster economic diversification for Kuwait, spur job creation, and attract foreign investment.

### Kuwait to award pilot wind energy project in Q3 2023

Kuwait Oil Company (KOC) is poised to award the main construction contract for its Wind Turbine to Generate Power pilot project by Q3 2023. The EPC contract is expected to be awarded by early September 2023.

The project involves wind energy utilization for oilfield operations in the Ratqa oilfield. The project is expected to be completed by Q4 2026, with an estimated cost of USD 250 million. The EPC tender was issued on 26<sup>th</sup> December 2022, with the commercial bid submission date extended to 8<sup>th</sup> May 2023, and the revised bid closing on 12<sup>th</sup> June 2023.

#### List of bidders for the contract

- Elecnor (Spain)
- Vensys Energy (Germany)
- Vestas Mediterranean (Portugal)
- Power Construction Corporation (China)
- ENO Energy (Germany)

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