

Kuwait Quarterly Newsletter

Economy & Projects update – Issue 2/2020



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Power of Being
Understood

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MACROECONOMIC UPDATE

The inflation levels measured by the Consumer Price Index (CPI) stood pat at 1.9%YoY in May 2020 as compared to 1.7%YoY in February 2020.

- The slight increase in inflation was due to an increase in both tobacco & narcotics; and miscellaneous goods & services index's reaching 3.3% and 5.4% YoY respectively in May 2020.
- Food and beverage prices fell by 1.9% YoY in May as compared to 2.8% YoY in February 2020. However, on the MoM basis, inflation in food prices rose to 1.9% from 1.3% in April 2020. Thus, the moderate food prices were in line with the uptick in local food inflation attributed to the increased demand in the run-up to the holy month of Ramadan in May and June 2020.
- The prices of clothing & footwear, furnishing equipment, household maintenance, and communication increase by 3.4%, 3.1%, and 4.1% YoY respectively over the last three months.
- Whereas, components such as restaurants & hotels, health, transport, recreation & culture, and education services remained stable during the last 3 months.
- On the other hand, the prices of housing services continued to decline to reach a negative 0.3% YoY in May 2020 while a deflation witnessed in housing services during the period.

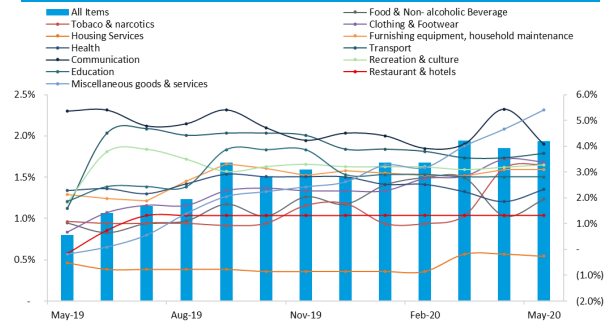
The growth in private deposit boosted the money supply (M2)

- Kuwait's broad measure of money supply (M2) increased by KD 2.08 billion from February 2020 to reach KD 39.51 billion in May 2020, a YoY growth of 3.3%. The improvement in M2 is mainly driven by sight deposits which increased by KD 1.69 billion from February 2020 to reach KD 10.28 billion in May 2020. The narrower measure (M1) also increased by KD 2.20 billion during the same period.
- Credit facilities extended by local banks to residents maintained a healthy growth with a 4.5%YoY rise in May 2020, gaining KD 0.63 billion from February to reach KD 39.26 billion in May 2020. The personal facilities declined by KD 0.12 billion during the same period mainly due to a decrease in consumer and installment loans by KD 0.02 billion and KD 0.09 billion respectively during the same period.
- Bank deposits at local banks increased by 2.70% YoY to reach KD 44.72 billion in May 2020. Private sector deposits constitute 83% of the bank deposit base at KD 37.10 billion in May 2020.

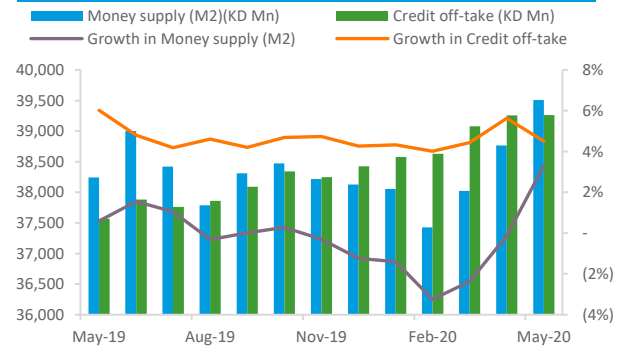
Kuwait export oil price rebound in June 2020 as Kuwait reduces crude output

- The average price of Kuwait crude oil in June 2020 reached about USD 35.58 per barrel (p/b), a USD 9.88 p/b increase compared to March 2020 price average of USD 25.70 per barrel (p/b). The rise was driven by bullish market sentiment coming from gradually easing oil surpluses, signs of further improvements in global oil demand, as well as prospects that the oil market will tighten further in Q2-2020.
- Kuwait's crude oil production averaged 2.103 million b/d in June 2020, compared with 2.198 million b/d in May 2020. The decrease resulted from a commitment to the OPEC+ output cuts, which were extended from the beginning of May to the end of July.

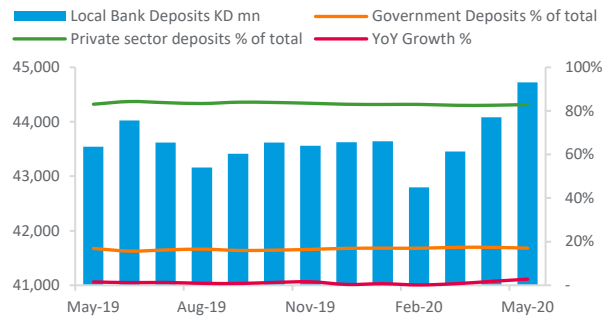
Inflation



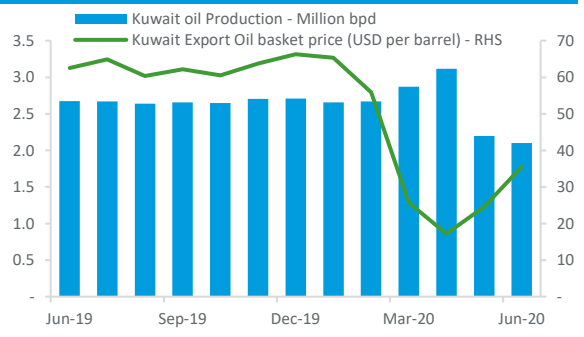
Growth in Money Supply and Credit Off-Take



Local Bank Deposits



Monthly Production and Oil Price

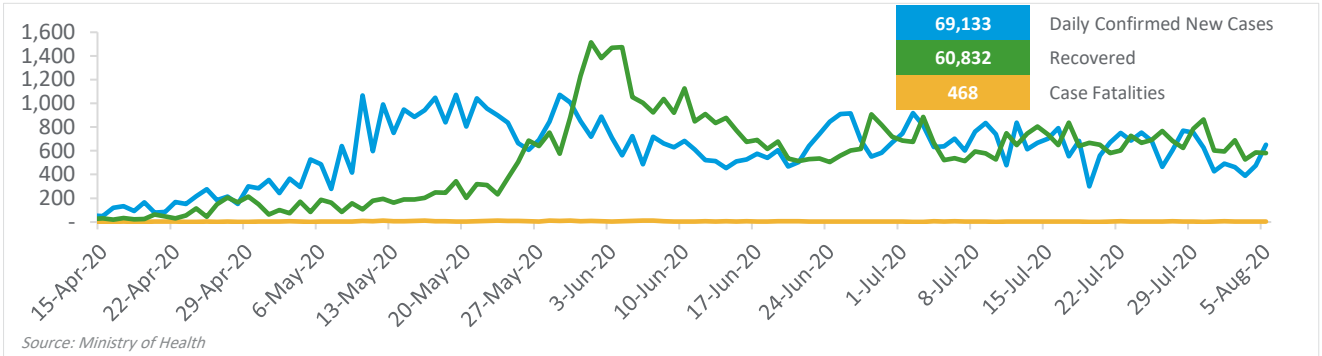


Source: Central Bank of Kuwait, Central Statistical Bureau (CSB) and OPEC
Note: CSB has changed the base year for CPI to 2013 from 2007, starting with June 2017 data.



ECONOMIC IMPACT OF COVID-19 IN KUWAIT

Kuwait - Confirmed COVID-19 cases, (day since 1st April 2020 till 5th August 2020)



- The outbreak of COVID-19 has posed unprecedented health and economic security challenges globally, compelling rapid and far-reaching responses. It has now spread to 213 countries and territories around the world with over 18,318,928 confirmed cases including 695,043 deaths reported to the World Health Organization (WHO) as of 5th August 2020.
- On 24th February, Kuwait's Ministry of Health (MOH) announced its first confirmed case of COVID-19; it now has around 69,133 total cases, as of 5th August 2020, the 4th highest in the Gulf region.

Kuwait Mobility Trend (since COVID-19 outbreak)

How was the pandemic change the movement of people across different places in Kuwait?

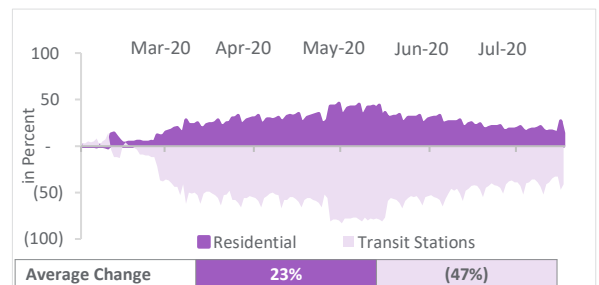
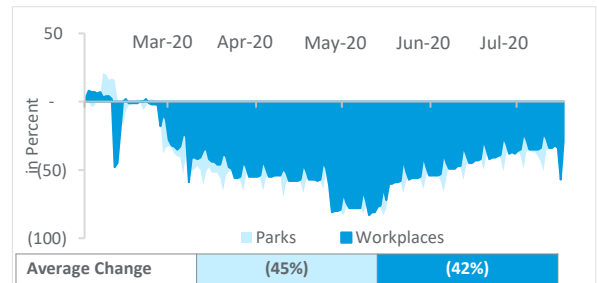
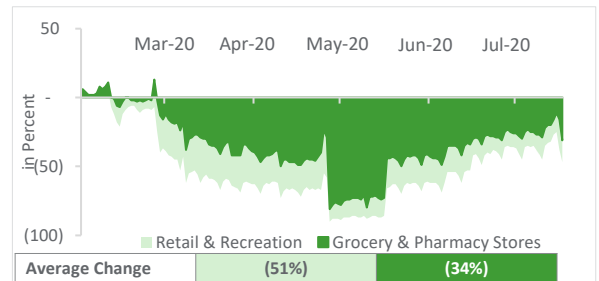
- Kuwait has implemented a range of stringent policies, including [stay-at-home 'lockdowns'](#); [school and workplace closures](#); cancellation of [events and public gatherings](#); and suspensions on [public transport](#). These measures were implemented to slow the spread of the virus by enforcing physical distance between people.
- Using anonymized data from [Google](#) presents in its [COVID-19 Community Mobility Reports](#), the data shows how people move in to (or time spent in) specific categories of location (e.g. grocery stores, pharmacy, parks, and mobility activities like walking & driving trends; transit stations) every day and compares this change relative to baseline day before the pandemic outbreak.
- According to the Mobility trend in Kuwait since the outbreak of COVID-19, it shows an [average of 23% change](#) in mobility has been observed in the residential areas and an average of [negative \(43%\) change](#) in mobility in non-residential activities such as retails & recreation, grocery & pharmacy, parks & outdoors, public transport stations, and workplaces.

Source: Google Global Mobility Report, as of 31st July 2020

Note: A baseline day represents a normal value for that day of the week. The baseline day is the median value from the 5-week period from 3rd Jan to 6th Feb 2020.

Categorized Mobility Trends

(% Ave. change from 15th February to 31st July 2020)





COVID-19 IMPACT ON KEY SECTORS IN KUWAIT



Banks and SMEs

- The weakening credit profile of borrowers, probable increase in NPAs, lower interest rates in the near term to measures such as deferring loan repayments might affect the bank's profitability.
- Lower net interest margins (NIMs), loan moratorium, could affect bank liquidity and profits.
- Exposure to vulnerable sectors such as real estate, retail, travel & hospitality, and SMEs could lead to affect loan assets.
- SMEs have limited cash reserves, loss of revenue, negative demand shock, and the temporary business closure would constrain cash-flow.
- Supply chain disruptions will cause a shortage of parts and other intermediate goods for small industries.

1



Retails

- Travel restrictions, lockdown and curfew and closure of hotels and shopping malls pummeled the hospitality and retail sector.
- All retail outlets closed except cooperative societies & supermarkets, pushing residents into panic buying.
- A big burden on the supply chain is created, as retailers grapple with inventories which will soon become obsolete.
- No revenues for retailers, wherein needs to be managed.
- Lockdowns and social distancing measures affect retailers with physical stores more than online retailers.

2



Health Care and Education

- Outpatient departments are closed, and planned surgeries and regular treatments have been postponed, leading to revenue loss for healthcare providers.
- Inadequacy of healthcare infrastructure – from basic protective gear to sophisticated equipment – is under the spotlight as even developed countries with advanced health care systems struggle to cope with the crisis.
- Suspension of Public and Private schools and universities, online learning has gained traction.
- COVID-19 scare may be a restraining for students to study abroad as it might affect perceptions of personal safety, reducing foreign student numbers at the institutions.

3

COVID-19 IMPACT ON KEY SECTORS IN KUWAIT



Real Estate and Construction

- From the availability of construction materials to labor shortages and work stoppage, the construction sector is being struck from multiple angles.
- Commercial (retail and office) real estate demand would be weak. Investment properties would remain pressurized.
- Longer-term market pressures could also rise from newly proposed policies to correct the demographic imbalance by reducing eventually the expatriate population share to 30% from the current 70%.
- New projects hit due to supply chain issues (raw materials), the pace of construction activity could decelerate.

4



Telecommunication

- Lockdowns and curfews increased demand for mobile and broadband services, as more citizens and users require online services for work, entertainment, education, telehealth, and social purposes.
- Office closures might negatively affect B2B services. Delays in payments from businesses that are hurt. Revenue from sales of products like mobile phones.
- Job losses result in the exit of expatriates which will lower their fixed and mobile subscribers.
- More competition on equipment sales and fixed-line segment.

5



Travel and Logistics

- Travel restrictions have dragged aviation businesses into a state of uncertainty, prompting severe spending cuts at regional airlines.
- Travel restrictions have led to a free fall in occupancy rates and in turn revenues.
- Lockdowns and curfews, movement restrictions, results in supply chain issues and restricted business activities
- Cancellation and postponement of events have cemented the decrease in demand in hospitality.

6



KUWAIT SUPPORTIVE MEASURES



Activating Fiscal Measures

- Approving **extra KD 500 million to support government budgets** in dealing with COVID-19 pandemic.
- **Expediting government payments cycle** to the private sector vendors and contractors.
- **Exempting** impacted economic institutions and cooperative societies from **certain government fees and dues.**

1



Availability Liquidity

- The Central Bank regulatory stimulus package **to raise domestic banks lending capacity by KD 5 billion** (USD 16 billion) to impacted sectors by COVID-19.
- Central Bank initiate **KD 2.7 billion** (USD 8.9 billion) **credit facilities to different businesses** since the launching in early last April of a government package to stimulate the national economy.
- Kuwait Fund for Arab Economic Development pledged almost USD 95 million towards a **"social responsibility" fund.**

2



Steps the CBK has taken

- The Central Bank of Kuwait instructions included:
- Reduced discount rate to 1.5%.
 - Capital adequacy ratio lowered to 10.5% from 13%.
 - Risk weight for SMEs lowered to 25% from 75%.
 - Limit of financing increased to 100% from 90%.
 - Increasing the ratio of loans to value (LTV) of the property or the cost of development.

3

KUWAIT SUPPORTIVE MEASURES



Supporting SMEs

- **Postponing payments of banks loans and facilities** for 6 months and cancelling its interests.
- **Suspending fees on point of sales devices and ATM** for 3 months.
- **Raising limit for TAP to KD 25 from KD 10.**
- **Postponing loan installments funded by the Kuwait SME Fund and Industrial bank.**
- **Postponing social security contributions** for 6 months.

4



Protecting workers

- **Securing minimum income for impacted workers** by COVID-19 crisis.
- **Paying salaries of public sector employees** during work suspension.
- **Job safety** for nationals in the impacted sectors.
- **Supporting the salaries** of business owners registered under Chapter 5 social insurance in the impacted sectors.
- **Pensions payment** for some cases for a period of 6 months.

5



Staying connected

- Kuwait mobile operators offered **daily 5G internet for a month** as of 22nd March 2020 for subscribers in support during COVID-19 crisis.
- **Free local calls amongst the mobile networks** for a month.
- With most employees working from home, companies had **to invest in remote softwares and videoconferencing** so they can keep working efficiently

6

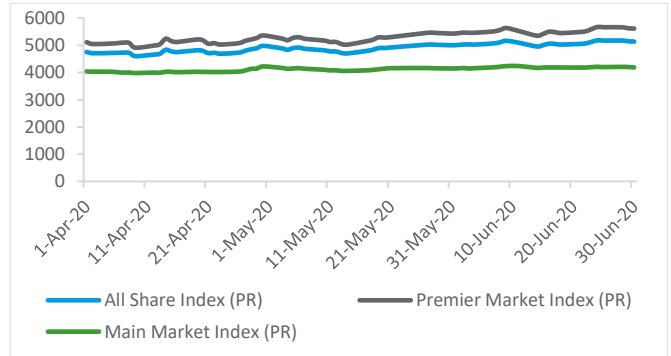


BOURSA FINANCIAL MARKET PERFORMANCE

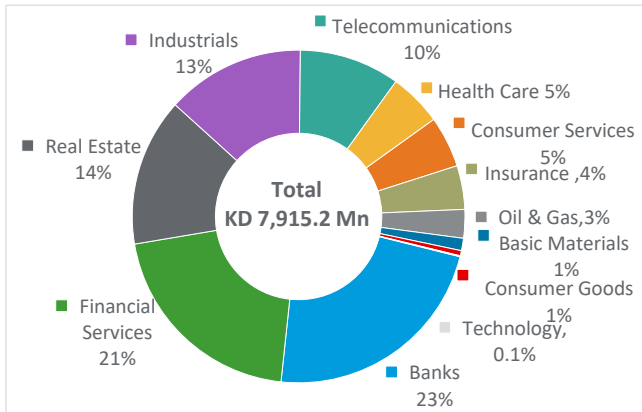
Kuwait Boursa - Key Index Performance (Q2-2020)

- Kuwait's market was positive, with Kuwait All Share Index registering gains of 2.7% at 5,130.7 points in June 2020 driven by the rebound in oil prices and easing lockdown restrictions amid COVID-19 pandemic. Similarly, Premier Market scaled by 3.4% while Main Market edges up by 1.0% MoM at 4,190.1 points in June 2020.

Source: Boursa Kuwait



Sector Weight by Market Cap (as of 30th June 2020)

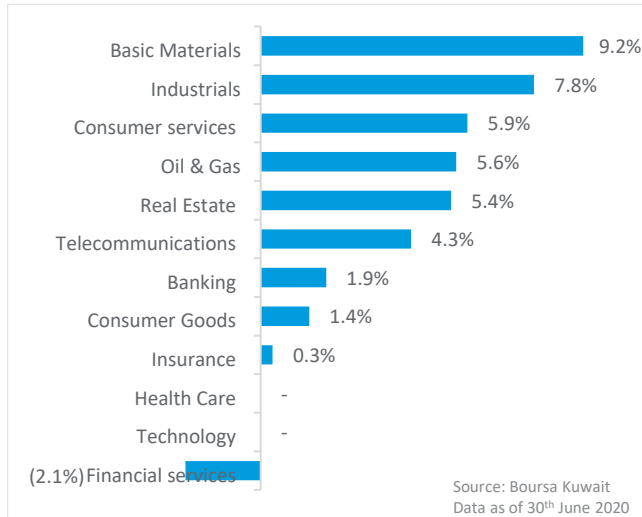


Market Trading Data and Volatility

Trading Indicators	Value (as of 30 th June 2020)	DTD Change	DTD % Change
Volume (Shares Mn)	125.41	26.75	27.1%
Value Traded (KD Mn)	18.08	3.09	20.6%
No. of Trades	5,306	39.00	0.74%
Market Cap	29,235.6	(78.91)	(0.27%)

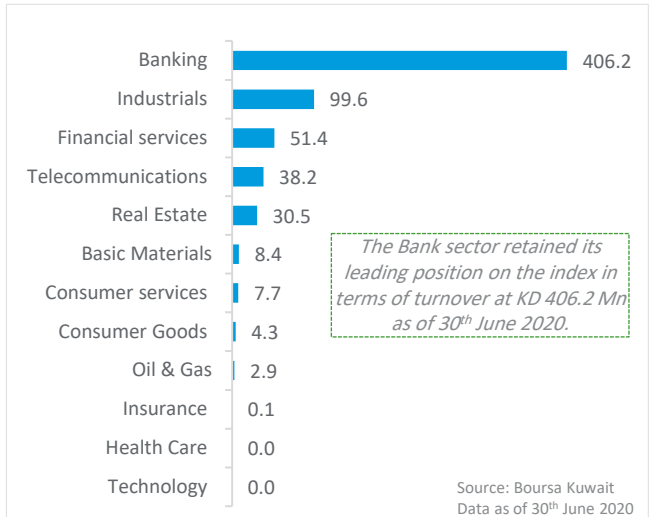
Source: Boursa Kuwait
Note: DTD - Daily Trading Data

Monthly Sector Index Returns (%)



Source: Boursa Kuwait
Data as of 30th June 2020

Monthly Value Traded (KD Mn)



The Bank sector retained its leading position on the index in terms of turnover at KD 406.2 Mn as of 30th June 2020.

Source: Boursa Kuwait
Data as of 30th June 2020



SUMMARY OF MAJOR PROJECTS IN KUWAIT

Project Owner	Rank	Project Name	Sector	Project Value (USD Mn)	Current Status	Award Date	Completion Year
	1	Kuwait City Metropolitan Rapid Transit	Transportation	18,000	Design	Jul-2021	Dec - 2030
	2	Az-Zour North IWPP	Power	15,000	Execution	Nov - 2013	May - 2026
	3	Kuwait National Railroad (KNRR)	Transportation	10,000	Study	Jul - 2022	Dec - 2025
	4	Doha East Power & Desalination Plant (IWPP)	Power	2,000	Study	Aug - 2022	Nov - 2026
	5	Al Khiran Power & Desalination Plant	Power	1,710	Study	Dec - 2021	Apr - 2030
	6	Umm Al Hayman WWTP	Water	1,700	Execution	Jan - 2020	Jan - 2024
	7	Kabd Municipal Solid Waste Project	Power	880	On Hold	May - 2020	Jan - 2023
	8	Kuwait Municipality - South Al-Jahra Labour City	Construction	495	Main Contract Bid	Feb - 2021	Jun - 2024
	9	Services and Entertainment Center in Egaila	Construction	120	Study	Sep - 2021	Dec - 2024
	1	Mubarak Al-Kabeer Seaport Development	Transport	10,500	Execution	Nov - 2019	Oct - 2030
	2	Bubiyah Island Development	Construction	6,000	Design	May - 2021	Dec - 2040
	3	Improvement of Fahaheel Expressway Route 30	Transport	3,000	Design	Oct - 2020	Dec - 2024
	4	North & East Regional Highway	Transport	2,037	Execution	May - 2017	Dec - 2024
	5	Regional Road South Part	Transport	1,700	Execution	Apr - 2019	Dec - 2025
	6	South Surra Road Upgrade	Transport	1,236	Execution	Mar - 2017	Dec - 2024
	7	Jamal Abdul Nasser Road Development	Transport	950	Execution	Oct - 2010	Sep - 2020
	8	Kuwait Airport Expansion: New Passenger Terminal 2 (Landside works)	Transport	900	Bid Evaluation	Aug - 2020	Nov - 2023
	9	New Pediatric Hospital in Al-Sabah Medical Area	Construction	850	Design	May - 2016	Dec - 2023
	10	New Maternity Hospital	Construction	817	Execution	May - 2016	Dec - 2021
	11	Upgrade of Al Ghouse Road	Transport	800	Execution	May - 2016	Dec - 2022
	12	Regional Road South Part Project: Central Section	Transport	750	Main Contract PQ	Dec - 2020	Dec - 2024

Source: MEED Projects, updated as of 20th July 2020



SUMMARY OF MAJOR PROJECTS IN KUWAIT... CONT'D.

Project Owner	Rank	Project Name	Sector	Project Value (USD Mn)	Current Status	Award Date	Completion Year
 Kuwait Oil Company (KOC)	1	Ratqa Lower Fars Heavy Oil (LFHO) Handling Facilities	Oil & Gas	10,500	Execution	Dec -2019	Nov - 2030
	2	Crude Oil Gathering Centers 33-35	Oil & Gas	3,000	FEED	Oct - 2021	Mar - 2025
	3	Crude Oil Gathering Centers 29-31	Oil & Gas	3,000	Execution	Mar - 2015	Sep - 2020
	4	Jurassic Non-Associated Oil & Gas Reserves Expansion: Phase 2	Oil & Gas	2,500	Main Contract PQ	May - 2021	Dec - 2024
	5	Gathering Centre 32 SEK at Burgan Field	Oil & Gas	2,500	Execution	Mar - 2017	Dec - 2020
 Kuwait National Petroleum Corporation (KNPC)	1	Clean Fuels Project 2020	Oil-Downstream	24,000	Completed	Dec - 2012	Apr - 2020
	2	Mina Al Ahmadi Refinery Gas Fractionation Train 6 & 7	Gas-Downstream	2,000	Study	May - 2021	Dec - 2025
	3	Mina Al-Ahmadi Refinery: Gas Fractionation Train 5	Gas-Downstream	1,500	Completed	May - 2015	Feb - 2020
	4	Al Dibdibah Solar PV Power Plant in Shagaya Renewable Energy Complex	Power-Generation	1,200	Bid Evaluation	Apr - 2020	Jul - 2020
	5	Local Marketing Depot At Matlaa	Oil - Storage	800	FEED	Jul - 2020	Dec - 2024
 Public Authority for Housing Welfare (PAHW)	1	Al Khiran Residential City Development	Construction	13,900	Study	Feb - 2022	Dec - 2035
	2	South Al Mutlaa City	Construction	20,100	Execution	Jun - 2016	Dec - 2030
	3	Sabah Al Ahmed Township	Construction	6,209	Execution	Aug - 2008	Dec - 2030
	4	Jaber Al Ahmed Residential City Development	Construction	2,900	Bid Evaluation	Apr - 2020	May - 2024
	5	Subiya Urban Development (Al-Sabriya Project)	Construction	5,000	Study	Nov - 2021	Dec - 2030
	6	Nawaf Al Ahmed City	Construction	2,434	Study	Nov - 2021	Dec - 2030
	7	West Abdullah Al-Mubarak Master Plan	Construction	2,000	Execution	Jul - 2015	Dec - 2020
	8	Jahra & Sulaibiya Low Cost Housing Development	Construction	1,666	Execution	Jan - 2019	Dec - 2030
	9	Northwest Sulaibikhat Residential City Development	Construction	600	Execution	July - 2009	Aug - 2020
	10	South Abdullah Al Mubarak Township	Construction	500	Execution	Feb - 2018	Sep - 2021

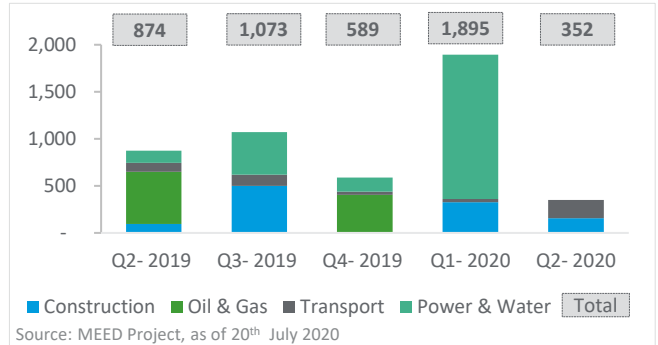
Source: MEED Projects, updated as of 20th July 2020



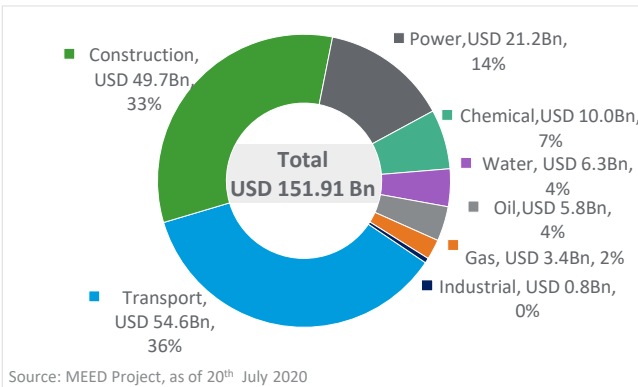
MAJOR PROJECTS UPDATE

Quarterly Project Awards in Kuwait (USD Mn)

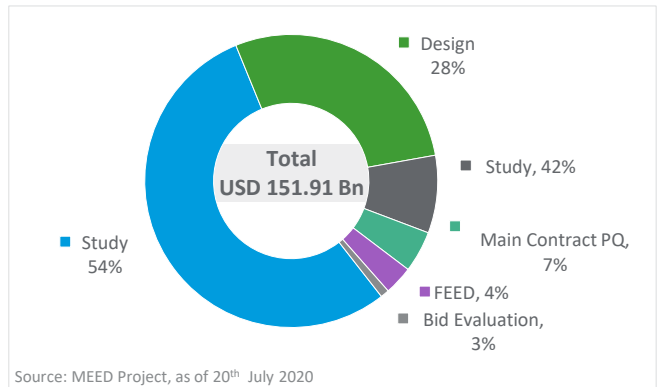
- Due to the shutdown of the public procurement system and general economic lockdown is already being felt, with fewer project awards recorded in 2Q20 at a total value of USD 352 million, 81% lower than what was witnessed in the previous quarter.
- 1Q20 witnessed a significant increase in projects awarded at a total value of USD 1,895 million driven mainly by the power & water sector, which accounted for about 81% of the total project awards.



Planned and unawarded projects by sector

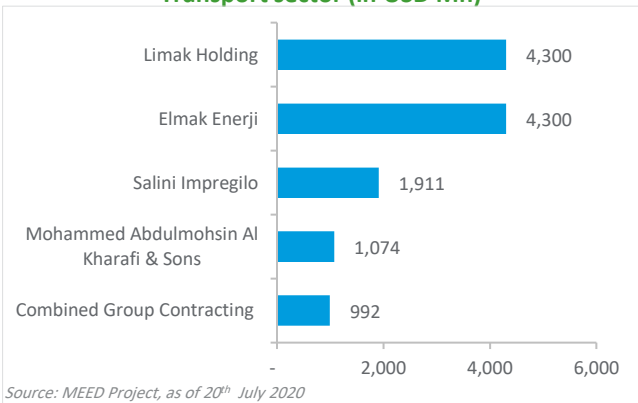


Planned and unawarded projects by status



- Looking ahead, there is USD 151.91 billion worth of projects in Kuwait at the pre-execution phase, which includes bid evaluation, design, prequalification, and study. Further, these projects include partly put on hold or cancelled due to the disruption. However, considering the current pandemic crisis, it is expected that projects likely to be delayed further.

Top 5 Key Contractors for works under execution - Transport sector (in USD Mn)



Top 5 Key Contractors for works under execution - Construction sector, (in USD Mn)



- The top 5 leading contractors in Kuwait have a varying degree of exposure to the projects market's immediate challenges in the Country. The highest risk is likely to be the local contractor's dependent on government spending as Kuwait is likely to reduce spending in light of both COVID-19 and the collapse in oil prices.



MAJOR PROJECTS UPDATE

A. Kuwait Authority for Partnership Projects (KAPP)

Kuwait expects to receive bids for 2 IWPP scheme

Kuwait Authority for Partnership Projects (KAPP) is expected to receive bids for the transaction advisory services contract for the planned Al-Zour North 2&3 and Al-Khiran 1 Independent Water and Power Producer (IWPP) projects by 23rd July 2020 from 25th June 2020. Bids were initially due on 19th April 2020, but it was put off due to the worldwide COVID-19 pandemic that led to lockdown in Kuwait and other countries worldwide.

The Al-Zour phase 2&3 IWPP will merge the previously planned phase 2&3 and will have a generation capacity of 2,700MW and a desalination capacity of 165 million imperial gallons a day (MIGD). The Al-Khiran 1 IWPP will have a power capacity of 1,800MW and a desalination capacity of up to 125 MIGD.

Kuwait extends RFPs for South Jahra Labour City projects

Kuwait Authority for Partnership Projects (KAPP), in collaboration with the Kuwait Municipality (KM), has extended the deadline for the submission of a request for proposals (RFPs) for the South Jahra Labour City project to 15th November 2020 due to the worldwide COVID-19 pandemic that led to lockdown in Kuwait and other countries worldwide, and reference to the investor's requests to extend the submission date.

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

Shortlisted firms for the South Jahra Labour City Project

- National Real Estate Company (Kuwait)
- United Real Estate Company (Kuwait)
- Agility Public Warehousing Company (local) / National Industries Group (Kuwait)
- Al-Mazaya Company (Kuwait)/Kuwait Investment Co. (Kuwait)/Tariq Alghanim (Kuwait)
- China State Construction Engineering Corporation (China) / Fouad Alghanim & Sons (Kuwait) / Kuwait Financial Centre (Markaz) (Kuwait)

Kuwait signs USD 1.7 billion for Umm al-Hayman Wastewater project

Kuwait's Ministry of Public Works and the project company owned by Germany's WTE Wassertechnik and Kuwait's International Financial Advisors have signed a USD 1.7 billion worth contract for the implementation of the planned Umm al-Hayman wastewater public-private partnership (PPP) project on 23rd January 2020. The scheme includes the development of a wastewater treatment facility worth USD 665 million with an initial treatment capacity of 500,000 cubic meters a day (cm/d), which can be expanded to 700,000 cm/d, and the construction of a canal network with pumping stations worth USD 1.05 Billion.

The facility is expected to be completed within 30 months, while the construction of the canal network and pumping stations will take four years. The WTE will operate the wastewater treatment facility for 25 years and the canal network for 3-years.



B. Infrastructure and Development Projects

KCPC wins contract for Sabah Al Ahmad City project

Kuwait's Public Authority for Housing Welfare (PAHW) has awarded a KD 4.4 million (USD 14.2 million) contract to Kuwait Company for Process Plant Construction and Contracting (KCPC) for asphalt paving and maintenance works within Sector B of Sabah Al Ahmad City. As per the deal, the entire works for the project will be completed within a period of 14- months.

Amiri Diwan extends the deadline for Entertainment City scheme

The Amiri Diwan has further extended the bid deadline for the 257-hectare Kuwait Entertainment City project located in the Al-Doha district. The deadline for submission of bids is due on 5th July 2020 from 31st May 2020, which was initially scheduled on 27th February 2020. The contract scope involves the planning, development, completion, operation, maintenance, and investment activities related to the entertainment hub.

Kuwait to tender Nuwaiseeb Phase 1 design contract

Kuwait's Ministry of Electricity & Water (MEW) is expected to tender the design consultancy package for the planned Nuwaiseeb Phase 1 power and water scheme during the year 2020. Phase 1 will consist of a 3,000MW power plant and the civil works for the planned seawater reverse osmosis (SWRO) plant. The succeeding phases of the project will comprise a similarly configured power plant and a 150 million imperial gallons a day (MIGD).

As per the news report, the prequalification and tendering for the engineering, procurement, and construction (EPC) contract for Nuwaiseeb phase 1 will be in 2021, which will need to build 17GW of additional capacity to meet the Country's demand and reserve margins by 2030.

Work progress on KIA's New Terminal 2 (T2) project

As of April 2020, a significant milestone has been reached by Limak Construction on the Kuwait International Airport (KIA)'s New Terminal 2 (T2) project, 80% of the terminal's inner roof is now fabricated and 39% of it has been installed. The project worth USD 4.3 billion will have the capacity to handle up to 13 million passengers annually once completed in 2022.

Kuwait plans to build a temporary housing project for laborer's

Kuwait's Ministry of Public Works (MPW) revealed plans to construct temporary housing for nearly 25,000 expatriate laborer's in line with measures to curb the spread of the Covid-19 pandemic in the Country. The housing units will be built under a contract with the Ministry of Health. The public work's ministry will conduct field inspections to ensure that the facilities meet proper living standards.

Kuwait to tender desalination scheme

Kuwait's Ministry of Electricity & Water (MEW) is expected to issue the tender for the planned Phase 2 of the seawater reverse osmosis (SWRO) plant located in Doha by October 2020.

The scheme will be implemented under an engineering, procurement, and construction (EPC) contract, will have a design capacity of 60 million imperial gallons a day (MIGD). MEW has received prequalification documents for the scheme.

List of firms submitted prequalification documents for the SWRO – Phase 2

- Suez (France)/Sepco 3 (China)
- VA Tech Wabag (India)/United Gulf Construction (Kuwait)
- Sacyr (Spain)
- Abengoa (Spain)/Hyundai E & C (South Korea)
- Tecnicas Reunidas (Spain)
- China Energy Engineering Group Guangdong Electric (China)
- Metito (UAE)/Orascom Construction (Egypt)
- Tecton Engineering (UAE)
- Utico (UAE)/TAM Capital (Kuwait)
- Alghanim International (Kuwait)
- Doosan Heavy Industries (South Korea)/Al-Omar Centre (Kuwait)
- Veolia (France)/Electric Network & Technological Company (Kuwait)
- Hangzhou Water Treatment Technology (China)/Shanxi Construction (China)/Al-Hashmi Engineering (Kuwait)
- Jihuis Industries Holding (Holland)/Al-Khazmi General Trading & Contracting (Kuwait)





C. Oil & Gas sector projects

Kuwait moves to tender PRIZe contract

Kuwait Integrated Petroleum Industries Company (Kipic) is expected to publish a list of prequalified bidders for the planned worth USD 10 Billion, Al-Zour Petrochemicals Refinery Complex (PRIZe) within the. MEED revealed on 25th June 2020, that UK's Wood Group had completed the front-end engineering and design (feed) work for the planned Al-Zour Petrochemicals Refinery Complex after its delayed due changes to the scope request by Kipic, the client.

In March 2020, (as mentioned in our previous edition – Issue1), Kipic had prequalified 5 firms to submit bids for the Feed work contract. The scope of work includes engineering, front-end engineering and design (feed), pre-feed and consulting services. It will cover the Al-Zour refinery, the Al-Zour petrochemicals complex, and the nearby liquified natural gas (LNG) facility.

Kuwait receives LNG maintenance bids

Kuwait integrated Petroleum Industries Company (Kipic) has received commercial bids for a project to maintain and operate liquified natural gas (LNG) import facilities in Al-Zour.

Earlier, Kipic was expecting phase 1 of Kuwait's LNG import and regasification terminal to come online on 10th September 2020, prior to the Covid-19 outbreak. Accordingly, Phase 1 was due to be inaugurated on 12th February 2021. The project scope include condenser units, LNG pumps, vapourisers and fuel gas systems, and construction of offsite infrastructure and buildings.

Prequalified bidders for LNG facilities scheme

- Desfa (National Natural Gas System Operator - Greece)
- Elengva (France)
- Tokyo Gas Engineering Solutions Corporation (Japan) / JGC (Japan)
- Korea Gas Corporation (South Korea)
- Osaka Gas Company (Japan) / Toyo Engineering (Japan)
- Enagas International (Spain) / Reganosa (Spain)

Kuwait awards USD 313 million refinery contract

Kuwait National Petroleum Corporation (KNPC) has awarded a contract worth KD 94.8 million (USD 313 million) to Kuwait's Arabi Energy & Technology Company (Arabi Enertech) to provide mechanical engineering services at the Mina Al-Ahmadi oil refinery. As per Arabi Enertech's statement, the deal was awarded to its 73% owned affiliate and which will be completed within 63 months.

Kuwait pipeline on hold amid a pandemic

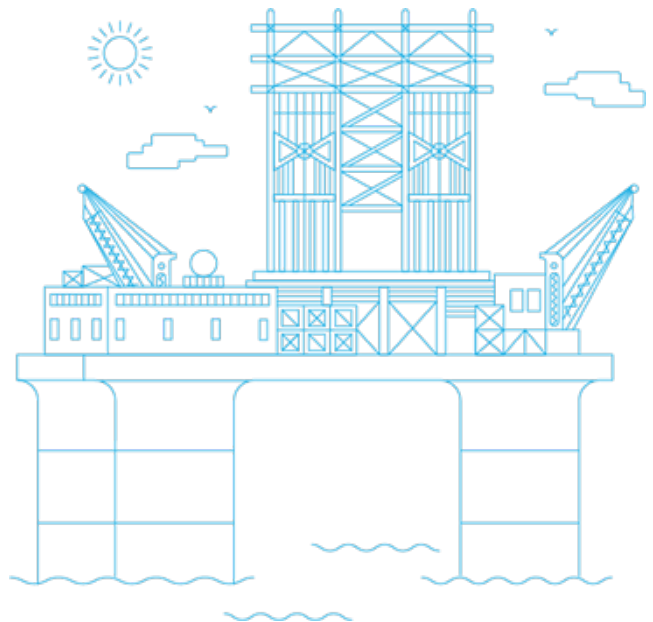
Kuwait Oil Company (KOC) has put on hold the planned worth KD 77.3 million (USD 264 million) contract for the new 48 crude transit pipeline known as Trunkline-5 (TL5) running from North Kuwait to the Central Mixing Manifold (CMM) located in Al-Ahmadi area. The project has stalled amid the COVID-19 pandemic, and KOC is now focusing on maintaining upstream production.

In 2017, as per the news report, the contract was awarded to India's Larsen & Toubro and prior to the COVID-19 pandemic, it was expected to be completed before the end of 2020.

Kuwait delays Al-Zour refinery commissioning

Kuwait Integrated Petroleum Industries Company (Kipic) has delayed the commissioning of Kuwait's megaproject Al-Zour refinery, which was previously scheduled to start the commissioning process in June 2020, but, due to the travel restriction in Kuwait designed to halt the COVID-19 pandemic have meant that contractors have not been able to bring in vendors into Kuwait.

Because of travel restriction, this has led to significant delays in the pre-commissioning and commissioning phase of the project, and it is expected that the project will be delayed by at least 6 months. The project is estimated to cost USD 16 Billion and it is expected to become the biggest operational refinery in the Middle East once completed.





C. Oil & Gas sector projects

Kuwait cancels 1.5GW Al-Dibdibah solar scheme

The Kuwaiti government has cancelled the tender for the much-delayed planned 1.5GW Al-Dibdibah Photovoltaic solar energy development at the Al-Shagaya renewable energy complex due to the current COVID-19 pandemic and its impact on global oil and financial markets.

Kuwait National Petroleum Corporation (KNPC), the Client, is now considering all potential options, including awarding the engineering, procurement, and construction plus finance (EPC+F) contract to the lowest bidder, retendering the contract to avail better prices and canceling the tender together. As per news report, in April 2019, KNPC had received proposals for the scheme, with China's Metallurgical Corporation submitted the lowest bid.

Lowest bidders for 1.5GW Al-Dibdibah Solar project

- Metallurgical Corporation of China – fils 11.2/kWh
- Al-Mulla Group (Kuwait) – fils 12.7/kWh
- China Communications Construction Co. – fils 13.507/kWh
- Gopco General Gulf Contracting – fils 13.8/kWh
- Maessa Telecommunications (Spain) / Ingenieria (Spain) / Alghanim International Trading & Contracting (Kuwait) – fils 13.823/kWh
- Shanghai Electric (China)/China Triumph International Engineering – fils 14.506/kWh
- CCC (Lebanon)/Prodiel (Spain)/Orascom (Egypt)/TBEA (China) – fils 17.1 /kWh

Kuwait Sulphur facility to come online in August

Kuwait National Petroleum Corporation (KNPC) is expected to finish the commissioning of the molten Sulphur-handling facility located in the Mina Al-Ahmadi refinery complex by August 2020. The project is estimated to cost USD 97 million.

The scope of the project includes the installation of 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 construction of associated facilities.

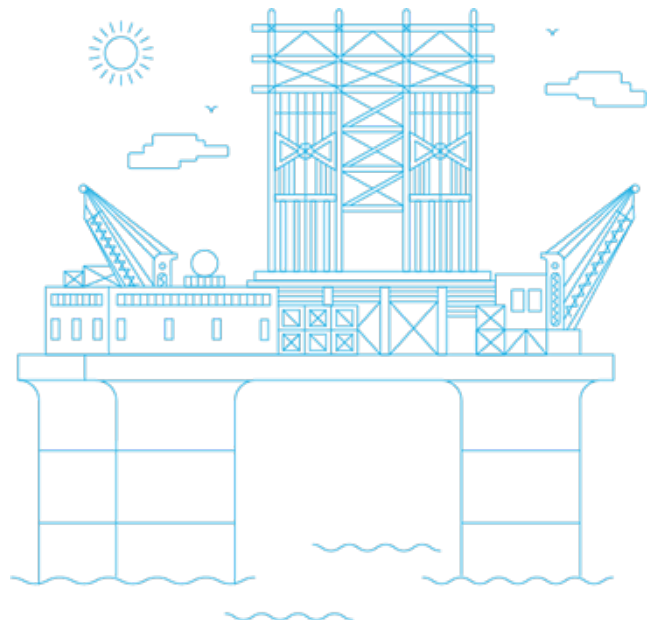
Kuwait tender Mina Abdullah refinery design contract

Kuwait National Petroleum Corporation (KNPC) has tendered a contract for both a feasibility study and front-end engineering and design (feed) works for a project to overhaul the coke handling system at the Mina Abdullah refinery.

The deadline for bid submission is set on 3rd September 2020 and a meeting to discuss the project is due to be held on 28th July 2020. The Mina Abdullah refinery is being overhauled as part of KNPC's USD 12 billion Clean Fuels Project (CFP).

List of firms qualified for Mina Abdullah refinery project

- Worley (Australia)
- KBR (US)
- Wood Group (UK)
- Fluor (US)
- Jacobs (US)





D. Other sector projects

Kuwait, Saudi Arabia restarts production at shared oil fields

The Kuwaiti and Saudi Arabian Governments resumed production from the Khafji oil field on 1st July 2020. The decision by both countries to halt Neutral Zone crude output in the month of June was thought to be a temporary move connected to the compliance of both countries to the Opec+ output agreement reached on 12th April.

Inside the Neutral Zone, also known as the Partitioned Zone or Divided Zone, there are two main fields, Khafji and Wafra, among other smaller fields, which collectively have an oil output potential of 500,000 to 600,000 barrels a day (b/d).

Kipic awards cybersecurity contract

Kuwait Integrated Petroleum Industries Company (Kipic) has awarded a 5-year multi-dollar contract to US-based Honeywell for services to protect and maintain the Al-Zour refinery and liquefied natural gas import (LNGI) terminal in Southern Kuwait.

The contract involves the deployment of Honeywell Forge, an advanced enterprise performance management software platform, along with cybersecurity capabilities to simplify strengthen and scale industrial cybersecurity operations.

Kuwait completes Acid Gas Treatment Project

Kuwait National Petroleum Corporation (KNPC) has announced the completion of its Acid Gas Recycling (AGRP) project at Mina Al-Ahmadi Refinery on 16th June 2020. The project ought to boost crude oil production capacity from the country's western oilfields.

Further, it will lead to reducing sulfur dioxide to the allowed limit according to the criteria of the Environment Public Authority and turning hydrogen sulfide into sulfur before sending them to sulfur handling facilities for export purposes. The project is part of the Clean Fuels Program (CFP) aimed at reducing emissions from Kuwait's downstream operations.

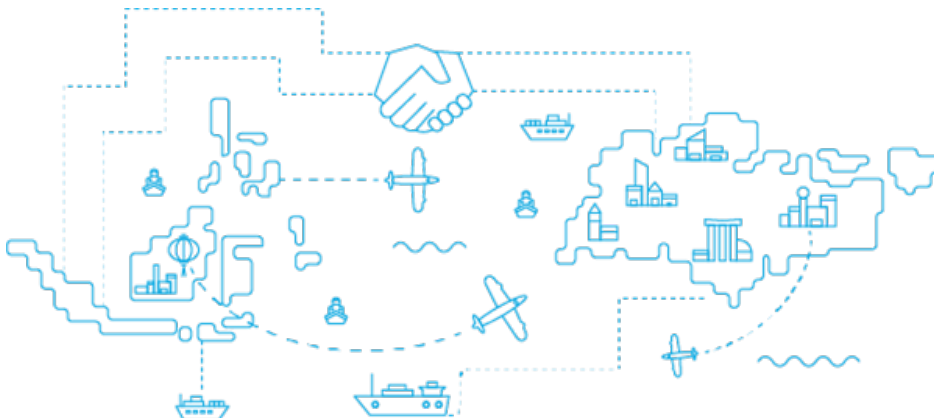
MoU signed for Kuwait Industrial Southern Port

Kuwait Port Authority (KPA) has signed a Memorandum of Understanding (MoU) with Public Authority for Industry (PAI) for the design and construction of an industrial port located in Southern Kuwait. Under the agreement, PAI will be responsible for the design, construction, and operation of the new port after studies are sanctioned, while KPA will choose and supervise industrial activities

Kuwait inks worth KD 7.4 million for three contracts

Kuwait Advanced Technology Company (ATC) announced the signing of worth KD 7.4 million (USD 24 million) for three contracts. The 1st contract, worth KD 2.23 million was signed directly with Kuwait Oil Company (KOC) for the construction and maintenance of a field hospital in an effort to contain the coronavirus (COVID-19). The deal has a maturity period of 11 days and a free guarantee period of 3 years.

The 2nd and 3rd Contract, were signed with the Ministry of Health (MOH) at an estimated value of USD 6.8 million and KWD 2.9 million, respectively with a maturity period of 18 months, each.



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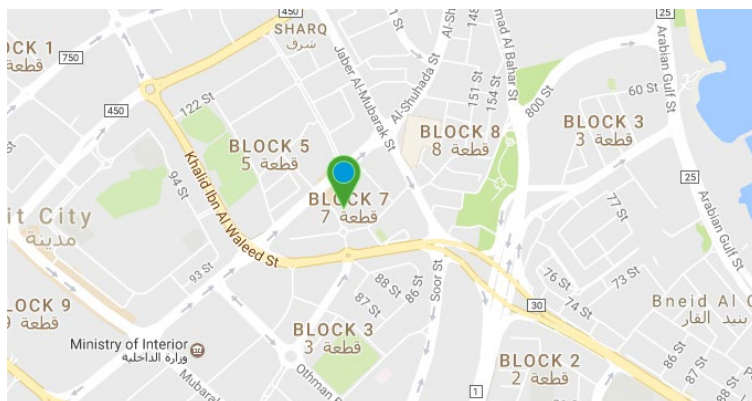
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