

Kuwait Quarterly Newsletter

Issue 13/2024 – Economy & Projects update



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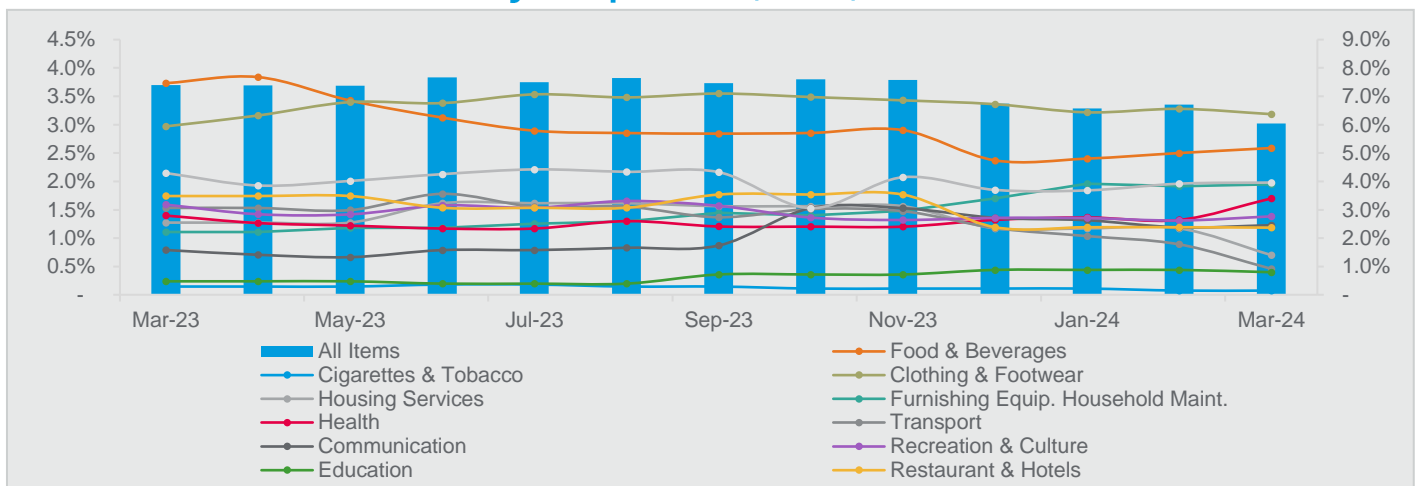
1. Macroeconomic update

Consumer Price Inflation (CPI)

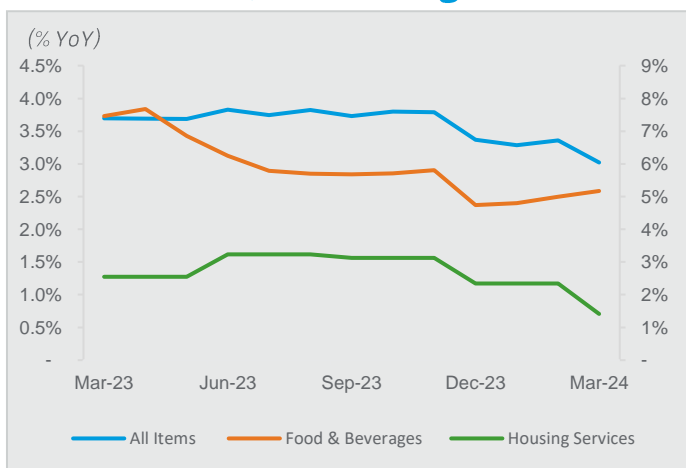
Kuwait's annual inflation, as measured by the Consumer Price Index (CPI), rose slightly to 3.02% in March 2024, compared to the same month in the previous year, 2023.

- Food and beverages saw the most significant price increase, rising to 5.17% in March 2024, up from 5.00% in February 2024. This marks the fourth consecutive month of gains, likely due to seasonal effects associated with Ramadan. Prices for miscellaneous goods and services, home furnishing and maintenance equipment also increased slightly in March compared to February. These categories increased to 3.96% and 3.90%, respectively, up from 3.92% and 3.83%.
- In contrast, prices for cigarettes & tobacco, health, communication and education services remained relatively stable year-on-year. These categories saw increases of 0.15%, 3.41%, 2.46% and 0.80%, respectively in March 2024 compared to the same month in 2023.
- Interestingly, prices for housing services, clothing & footwear, restaurant & hotels, and recreation & culture all decreased in March 2024 compared to the same month in 2023. Housing services saw the steepest decline at 1.41%, followed by clothing & footwear (-6.37%), restaurants & hotels (-2.37%), and recreation & culture (-2.77%). However, it's important to consider that these are year-on-year changes. Looking at monthly price movements, these categories actually all showed slight price increases in March 2024 compared to February 2024, with increases of 0.16%, 0.36%, 0.60%, and 0.62%, respectively.

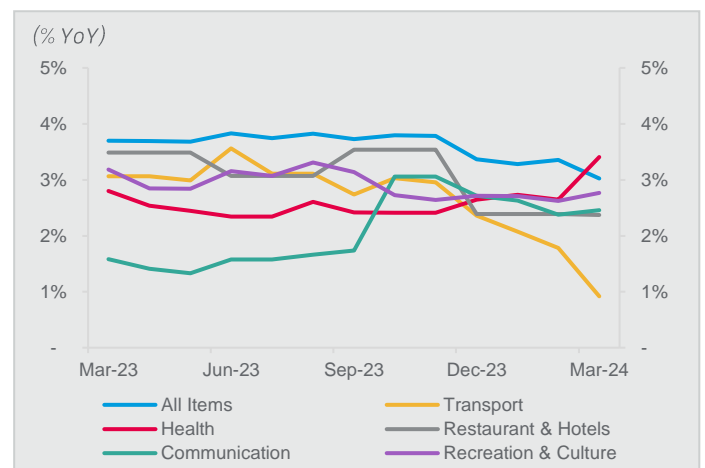
Consumer Price Inflation and Key Components (%YoY)



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.

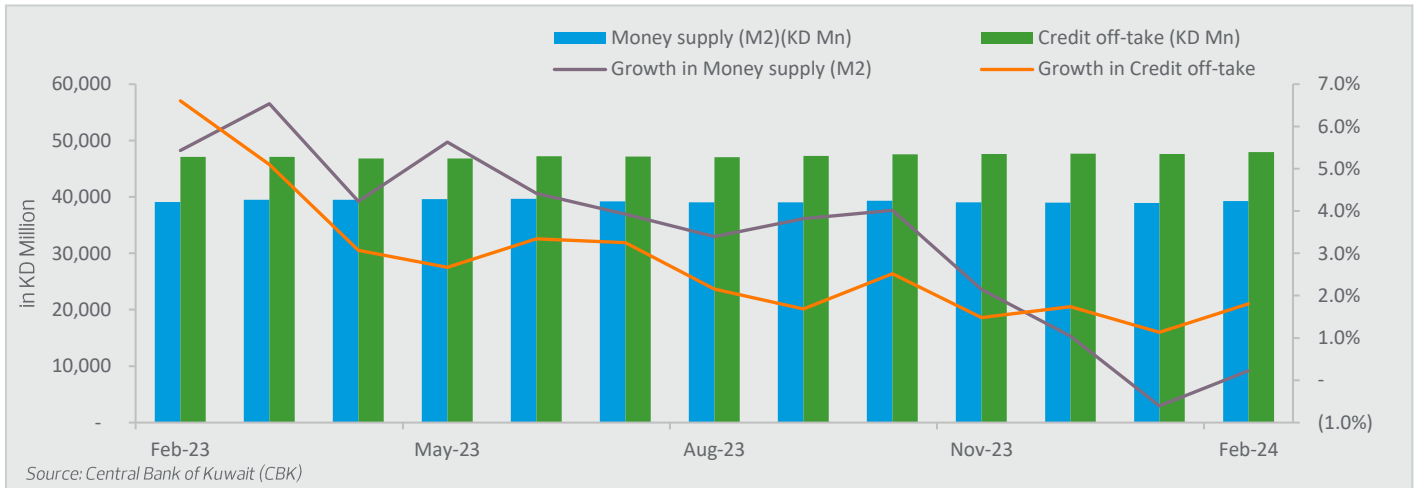
1. Macroeconomic update (Contd.)

Money Supply and Local Bank Deposits

Money Supply (M2) growth increased by 0.2% in February 2024 compared to November 2023.

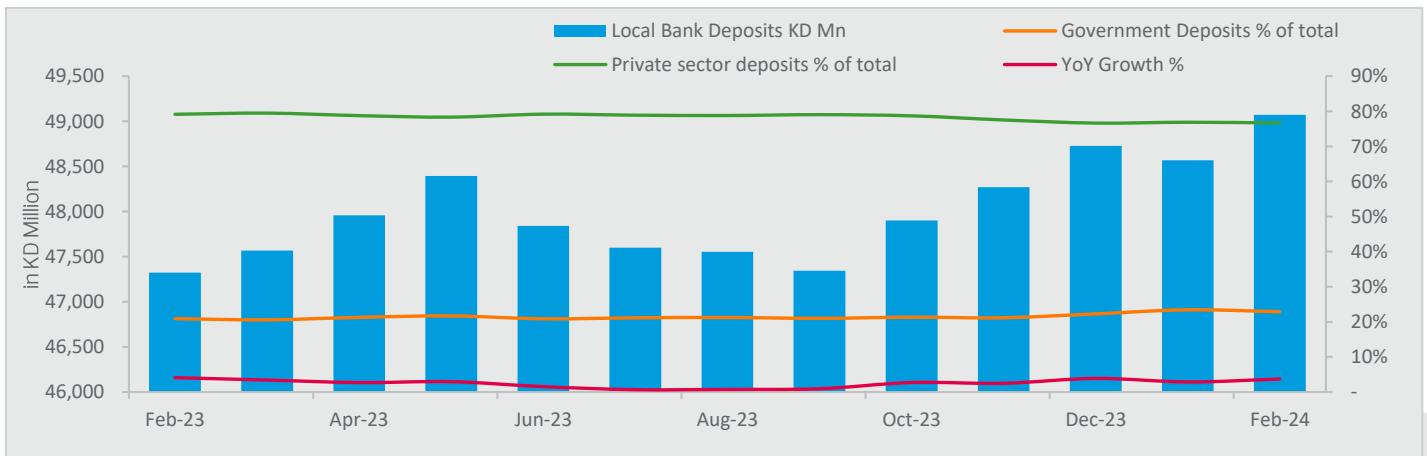
- Kuwait's broad measure of money supply (M2) edged slightly upward by 0.2% in February 2024 compared to November 2023. This translates to a rise of KD 0.22 billion, bringing the total M2 to KD 39.27 billion. This growth can be primarily attributed to an increase in Quasi-Money, which rose by KD 0.29 billion to KD 28.67 billion during the same period. However, the narrower measure (M1) (which includes cash and checking accounts), exhibited a contrasting trend. M1 and its component, sight deposits, both declined in February 2024. M1 reached KD 10.60 billion, and sight deposits specially dropped to KD 8.95 billion.
- Credit facilities extended by local banks in Kuwait remained stable in February 2024. These facilities increased by KD 0.33 billion from November 2023, reaching a total of KD 47.95 billion, which represents a YoY growth of 1.8%. Personal credit facilities also saw modest growth, increasing by KD 0.02 billion in February 2024 to reach KD 18.83 billion. This growth was driven primarily by rises in consumer loans and installment loans, which increased by KD 0.02 billion and KD 0.01 billion, respectively.

Growth in Money Supply and Credit Off-Take



- Bank deposits at local banks increased by KD 0.80 billion from November 2023 to reach KD 49.07 billion in February 2024. The increase was primarily driven by the improvement in both government deposits and private sector deposits in local currency, which increased by KD 0.13 billion and KD 0.21 billion, respectively, during the same period. Notably, private sector deposits constituted a significant portion of 76.7% of the total bank deposit base at KD 37.63 billion in February 2024.

Local Bank Deposits



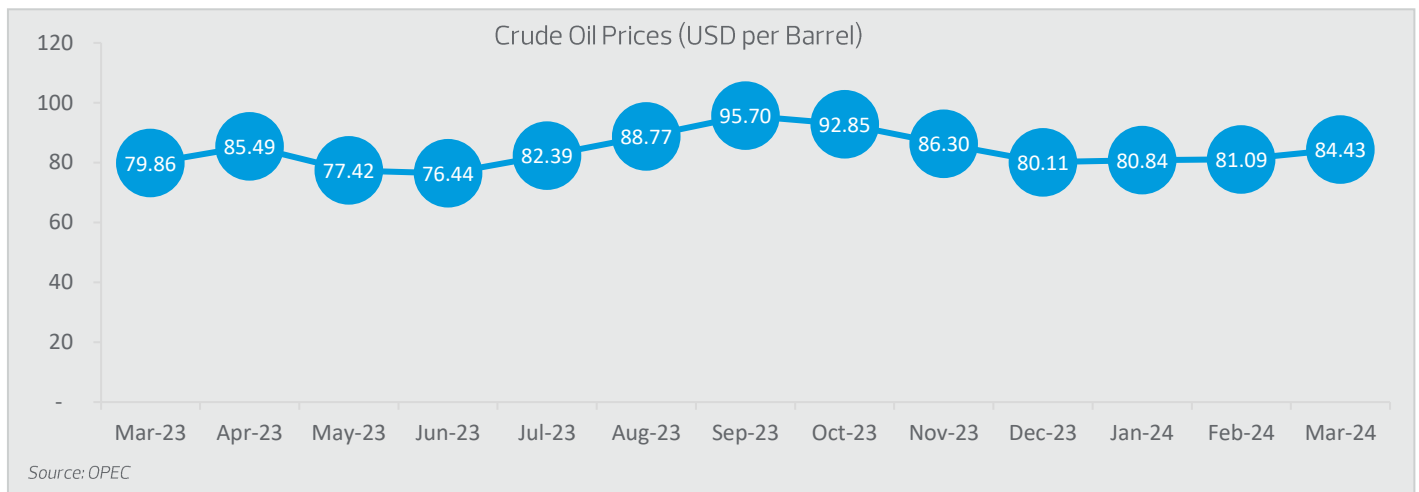
1. Macroeconomic update (Contd.)

Monthly Oil Production and Oil Price

Kuwait's crude oil prices have risen steadily over the past four months, driven by geopolitical concerns.

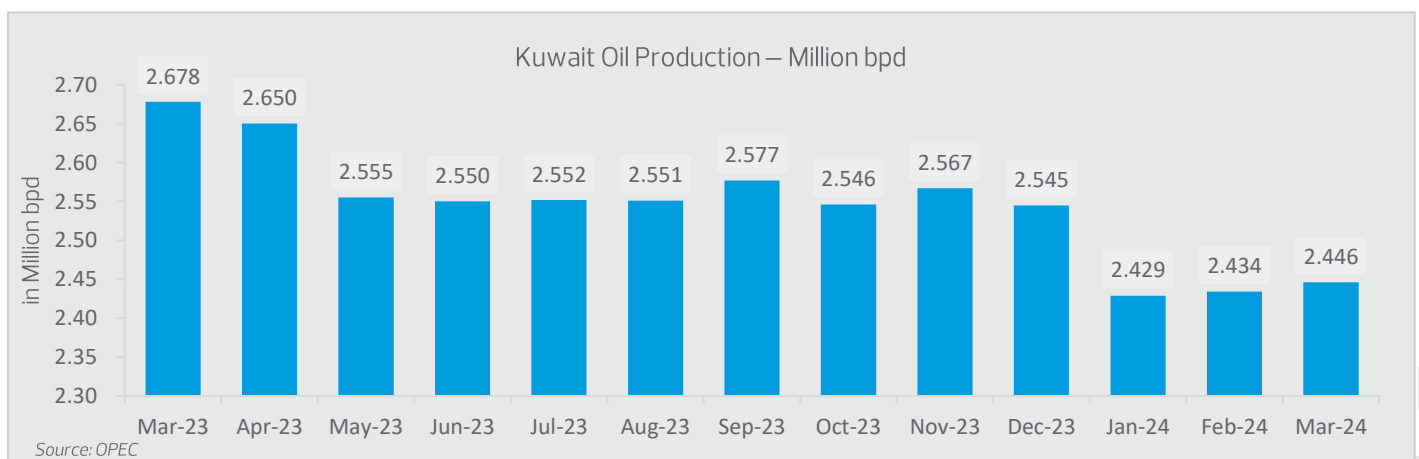
- Kuwait's oil market has witnessed a consistent price increase for the past four months, reaching USD 84.43 per barrel (p/b) in March 2024. This upward trend coincides with OPEC+'s decision to maintain current production cuts, which contradicted market expectations of increased output due to rising prices.
- Geopolitical tensions in the Middle East further fueled price increases. The failure of ceasefire talks and subsequent threats of retaliatory attacks from Iran initially caused a surge in the risk premium on crude oil. While minimal actual damage from these attacks led to a slight price correction, the situation remains volatile. Additionally, attacks on Russian energy refineries and Russia's counterstrike on Ukrainian energy facilities in late March 2024 further pushed crude oil prices higher.

Growth in Kuwait Oil Basket Prices



- Kuwait's crude production in Q1 2024 closely aligned with its OPEC quota of 2.41 mb/d. According to news report, OPEC+ is scheduled to meet in June to assess market conditions and determine potential adjustments to current production cuts. The baseline scenario anticipates these cuts to remain in place until the end of 2024. However, sustained oil prices between the range of USD 95 to USD 100 per barrel in the second half of 2024 could lead to pressure, both from within and outside OPEC+, to slightly ease restrictions on oil supply.
- Kuwait's crude oil production in March 2024 averaged slightly above quota at 2.446 mb/d. This follows two consecutive months of production increases, with January 2024 recording an average of 2.429 mb/d.

Movement of Kuwait Oil Production

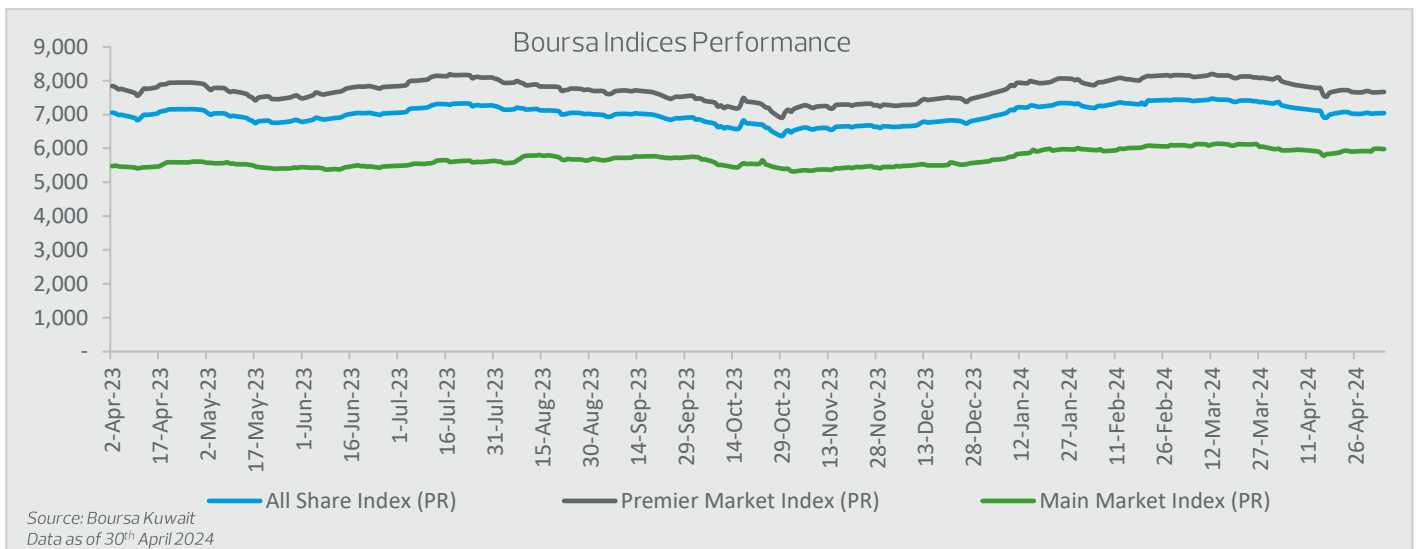


2. Boursa Financial Market Performance

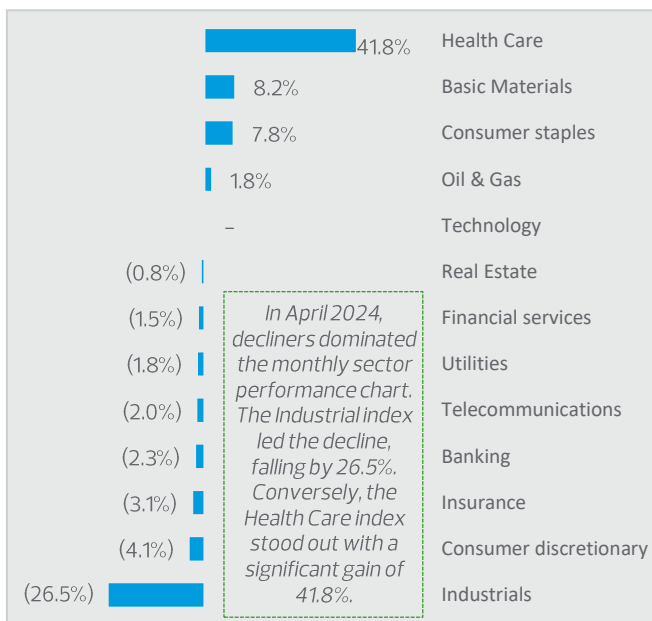
Kuwait Boursa – Key Index Performance (Q1 2024)

- Kuwaiti benchmarks witnessed a significant sell-off in April 2024, with most sectors experiencing losses. The Premier Market Index saw the steepest monthly decline, dropping 4.30% as most large-cap stocks retreated. The broader All-Share Market Index closed at 7,051.05 points, which is 3.77% lower than its highest point in mid-April. However, it remained above the 7,000-points mark. The Main Market Index, which includes smaller companies, experienced a smaller decline of 1.10%.
- In terms of sectoral indices, most Boursa Kuwait's sectoral indices witnessed declines in April. Basic materials and financial services led the downturn with declines of 9.1% and 6.7%, respectively. Utilities, oil & gas, and banks followed closely with drops of 6.5%, 6.2%, and 6.1%, respectively. The industrials and consumer discretionary sectors also experienced losses, decreasing by 3.6% and 3.5%, respectively. Other sectors, including real estate, consumer staples, telecommunications, and healthcare, also witnessed declines. However, the technology and insurance sectors defied the overall trend, posting gains of 8.6% and 0.8% in April, respectively.

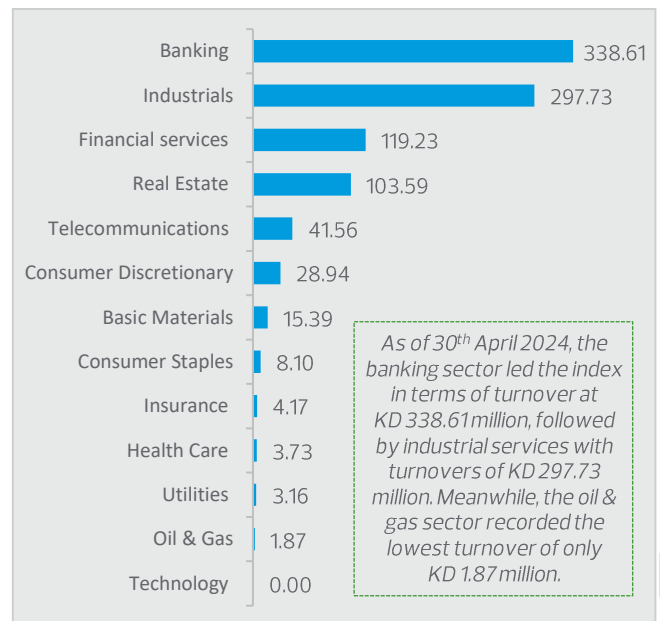
Boursa Indices Performance



Monthly Sector Performance (%)



Monthly Value Traded (KD Mn)

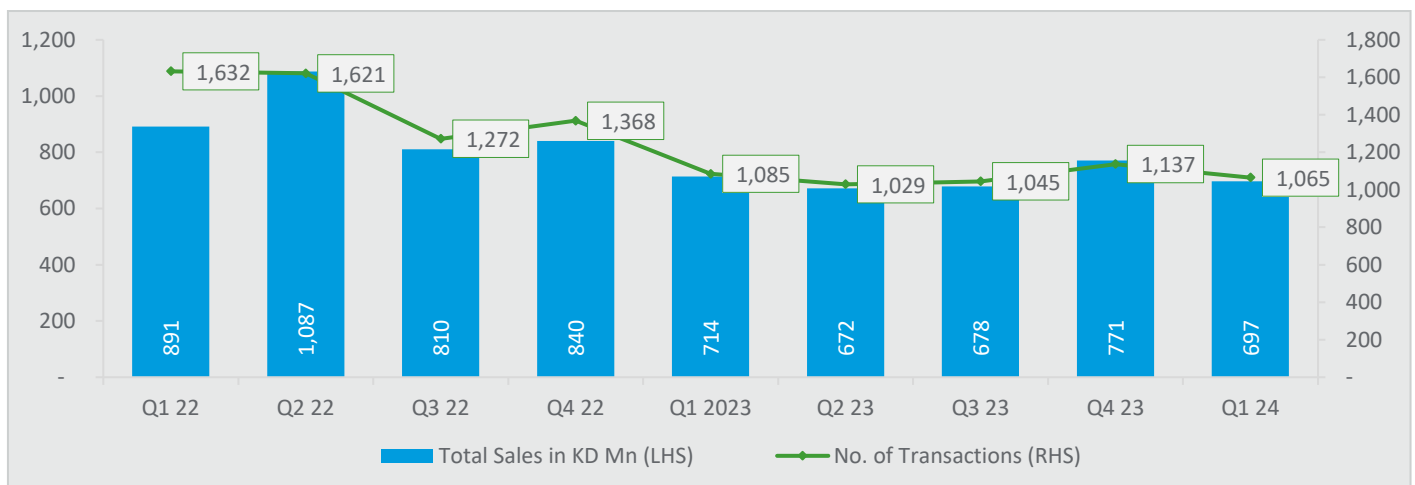


3. Kuwait Real Estate Market

Overall Real Estate Sales (Q1 2022 – Q1 2024)

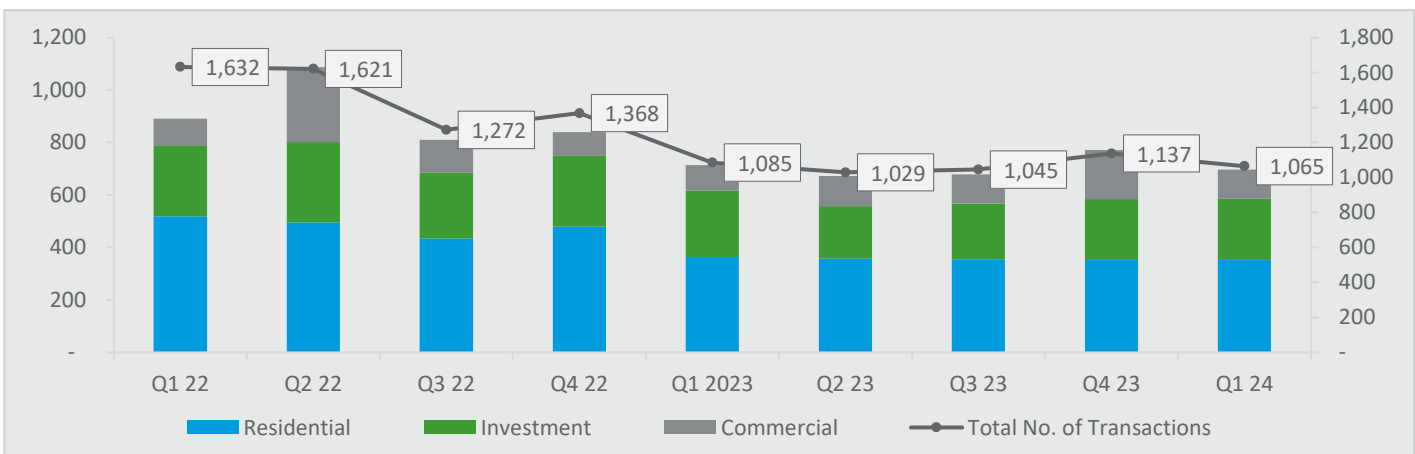
Kuwait's real estate sales eased in Q1 2024, with price rises remaining subdued.

- Kuwait's real estate market slipped in Q1 2024, with total sales reaching KD 697 million (down by 9.5% q/q and a 2.3% y/y) following an uptick in Q4 2023. The decline was primarily driven by reduced activity in the commercial property sector. Residential and investment sectors, however, showed slight growth. Seasonal factors, particularly the holy month of Ramadan in March 2024, likely played a role in impacting transaction volumes, especially for commercial properties.
- Looking ahead, the annual decline rate has slowed down compared to the significant drop of 38.2% witnessed in Q2 2023. However, experts predict modest gains for the rest of 2024 due to high interest rates, subdued sentiment, and economic uncertainty.



Real Estate Segments Sales (in KD Mn)

- Kuwait's real estate market showed mixed results in Q1 2024. Residential sales held steady at KD 353 million despite record-low transaction of 784 units. This quarter saw the smallest annual sale decline since Q4 2022, indicating a possible market stabilization. However, challenges like lower investor activity, cautious consumer sentiment, and policy uncertainty could still hinder sales.
- Investment and commercial sectors faced downturns. Sales in investment dropped by 8.7% y/y in Q1 2024 while transaction volumes fell 13.7% compared to Q4 2023. Housing rent inflation dropping to 1.4% y/y in March 2024 compared to the same month in 2023, indicates vulnerability in apartments.
- Commercial sales surged to KD 187 million in Q4 2023 (a 68.5% q/q increase from Q3 2023), but this trend sharply reversed in Q1 2024, declining 40.1% with an 18.5% drop in transactions. This suggests a shift towards smaller or less expensive commercial properties.



Source: RSM Kuwait, NBK Capital, Note: y/y – year-on-year, q/q – quarter-on-quarter

4. Kuwait Projects at a glance

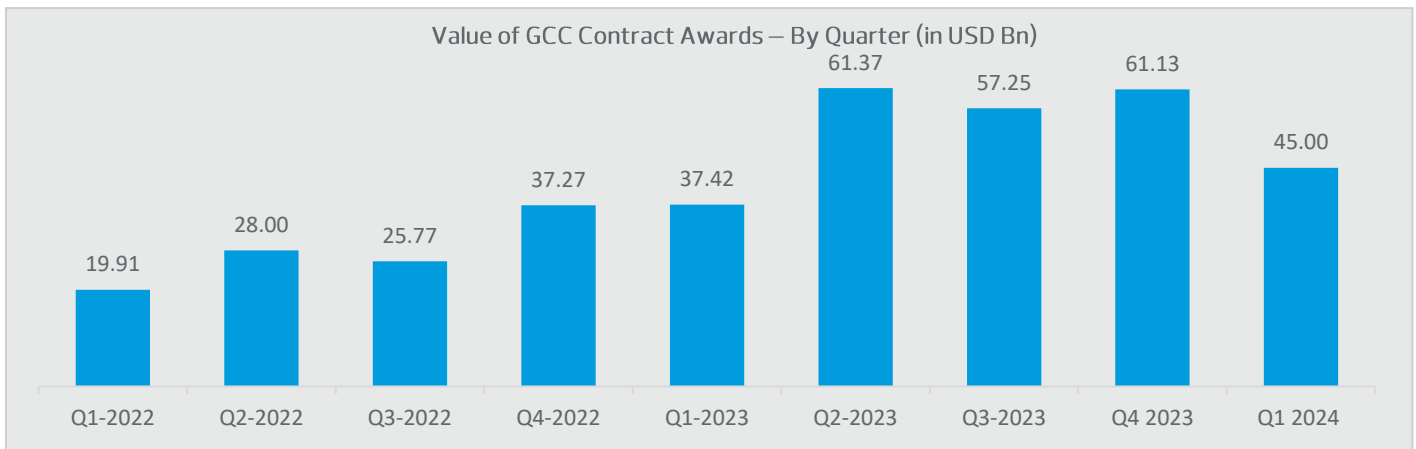
Project Owner	Project Name	Current Status	Value (USD Mn)	Start Date	End Date
Al Khafji Joint Operations (KJO)	Al Khafji Joint Operations (KJO) – Dorra Gas Field Development	Design	3,000	2019-Q4	2034-Q1
Amiri Diwan	Amiri Diwan – Palace of Justice	Construction	1,000	2015-Q1	2024-Q1
	Entertainment City Project	Feasibility Study	650	2015-Q4	2025-Q1
Directorate General of Civil Aviation (DGCA)	Kuwait International Airport Expansion – Overview	Construction	7,000	2007-Q2	2027-Q1
	Kuwait International Airport Expansion – Package 1 Main Terminal Building (Terminal 2)	Construction	4,500	2007-Q2	2024-Q3
	Kuwait International Airport Expansion – Package 3	E&P	764.5	2019-Q1	2024-Q1
	Kuwait International Airport Expansion – Package 2	Construction	552.6	2007-Q2	2024-Q1
Kuwait Authority for Partnership Projects (KAPP)	Al Khiran Independent Water and Power Project (IWPP)	EPC ITB	4,100	2011-Q1	2028-Q1
	Al-Dibdibah Power & Shagaya Renewable Energy Phase 3 Project – 2000 MW	Project Announced	3,600	2021-Q1	2028-Q1
	Umm Al Hayman Wastewater Treatment Plant (WWTP)	Construction	1,760	2007-Q2	2025-Q1
	Al Zour North Independent Water and Power Project (IWPP) – Phase 2/3 (2700 MW)	EPC ITB	1,500	2017-Q3	2028-Q1
	Kuwait National Railroad (KNRR)	Feasibility Study	980	2008-Q3	2028-Q4
Kuwait Oil Company (KOC)	North Kuwait Effluent Water Treatment and Injection Plant	Commissioning	1,000	2012-Q1	2024-Q1
	Kuwait Bay Exploration	E&P	904.5	2014-Q1	2026-Q1
	Expansion of Effluent Waste Disposal Plant – 2	FEED	700	2021-Q1	2025-Q1
	Expansion of Effluent Waste Disposal Plant – 1	FEED	650	2021-Q1	2025-Q1
Kuwait Direct Investment Promotion Authority (KDIPA)	Al Abdali Economic Zone	Feasibility Study	1,600	2014-Q3	2030-Q1
Kuwait Municipality	Al Jahra Waterfront (Al Corniche) Project	Design	1,250	2017-Q4	2024-Q1
Kuwait University	Sabah Al Salem University – College of Social Sciences, Law, Sharia & Islamic Studies	Construction	550	2012-Q1	2024-Q1
MEW Kuwait	Nuwiseeb IWPP – Phase 1 – 3600 MW	Feasibility Study	2,500	2012-Q1	2029-Q1
	Subiya Power Plant – Phase 4 – 900 MW Expansion	E&P	840	2022-Q1	2025-Q1
Ministry of Health	Kuwait City Cancer Centre	Construction	650	2010-Q4	2024-Q2
Ministry of Public Works (MPW)	Bubiyah Seaport Project (Mubarak Al Kabeer)	Construction	6,500	2006-Q1	2024-Q4
	Shuwaikh Children's Hospital	Design	1,440	2016-Q1	2025-Q4
	Special Needs School Complex	FEED	1,226	2012-Q1	2024-Q1
	Al Adan Hospital Expansion	Commissioning	772	2013-Q1	2024-Q1
	Al Sabah Hospital Expansion	Construction	700	2013-Q1	2024-Q3
	Rehabilitation of Al Ghouse Road – Overview	Construction	775	2015-Q2	2024-Q4
	South Al Mutlaa City – Infrastructure Package – Wastewater Treatment Plant	E&P	582	2020-Q2	2025-Q4
Public Authority for Housing Welfare (PAHW)	The Silk City Project (Madinat Al-Hareer)	Design	82,200	2011-Q1	2036-Q1
	South Al Mutlaa City – Overview	Construction	20,000	2010-Q1	2025-Q1
	South Saad Al Abdullah City (Nawaf Al Ahmad City)	Construction	6,800	2014-Q3	2029-Q2
	South Al Mutlaa City – Infrastructure Package	Construction	2,300	2010-Q1	2025-Q1
	South Sabah Al Ahmad Residential City	Construction	2,300	2006-Q1	2029-Q3
Tamdeen Real Estate	South Al Mutlaa City – Housing Package	Construction	1,200	2010-Q3	2024-Q1

Source: RSM Research, KAPP (updated as of 28th February 2022)

5. Market Snapshot of GCC's 2024 Projects Award

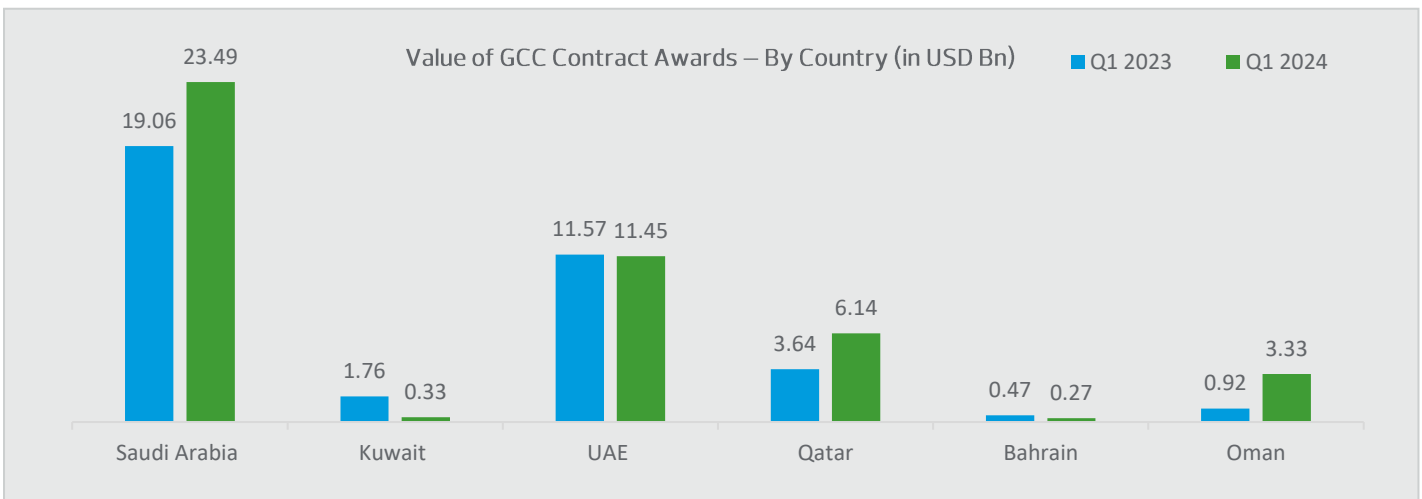
Value of GCC contract awarded – By Quarter (in USD Bn)

- Gulf Cooperation Council (GCC) project awards increased by 20.3% to USD 45.00 billion, in Q1 2024 (compared to USD 37.42 billion in Q1 2023), with Saudi Arabia leading the way, capturing over half of the region's contracts. The UAE, however, saw a slight decline of 1.0% y/y, while Qatar's awards saw a remarkable increase of 68.5% y/y to USD 6.14 billion, up from USD 3.64 billion in Q1 2023.
- The Oil & Gas sectors significantly boosted Q1 2024 awards in the GCC. Gas contract values increased by over 19 times to USD 7.42 billion, while Oil contracts jumped nearly sevenfold to USD 9.02 billion. Consequently, Oil and Gas emerged as the leading contributor to the GCC's overall contract value growth during the quarter.



Value of GCC Contract Awarded – By Country (Q1 2023 Vs Q1 2024)

- Saudi Arabia maintained its dominant position in the GCC's project awards for Q1 2024, with a 52.2% share totaling USD 23.49 billion, largely driven by substantial awards in the gas and water sectors. Meanwhile, the UAE remained the second-largest projects market in the GCC, though awards dropped slightly by 1.0% y/y, reaching USD 11.45 billion compared to USD 11.57 billion in Q1 2023.
- Kuwait saw subdued contract awards in Q1 2024, with only USD 0.33 billion awarded compared to USD 1.76 billion in Q1 2023. Despite this, contractors are reportedly gearing up to bid for major projects, particularly in the oil & gas sector. Conversely, Qatar's contract value surged by 68.5% y/y in Q1 2024, reaching USD 6.14 billion compared to USD 3.64 billion in Q1 2023.

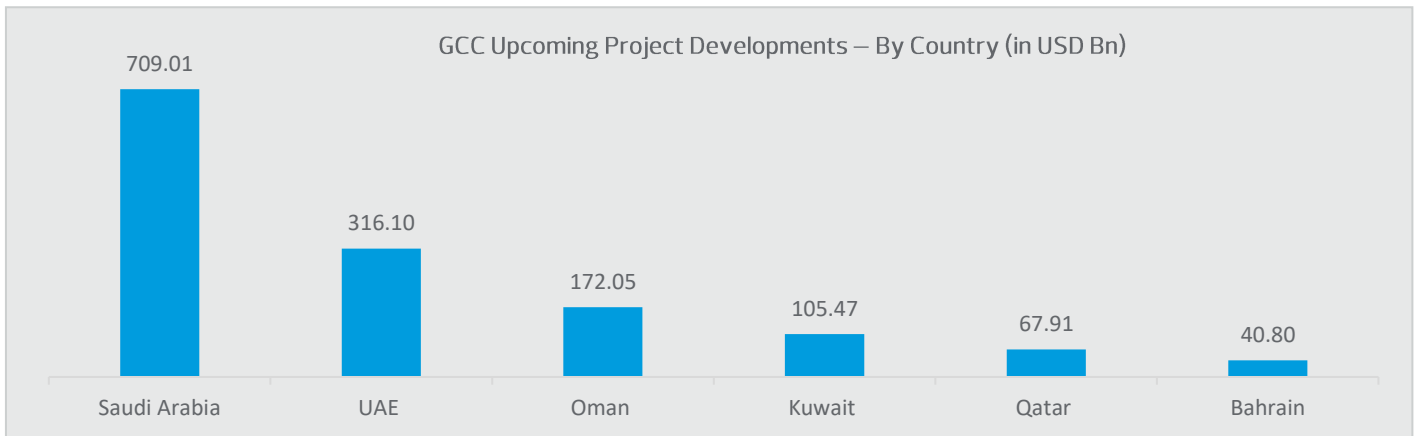


Source: RSM Kuwait, KAMCO Research

5. Market Snapshot of GCC's 2024 Projects Award (Contd.)

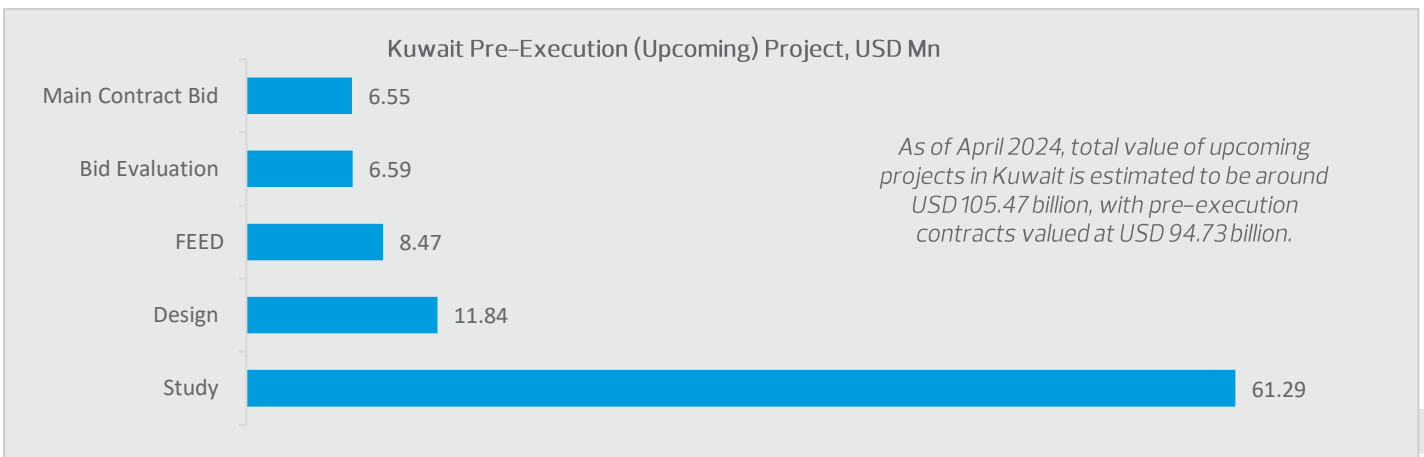
GCC Project Market Outlook

- The GCC region boasts a robust pipeline of upcoming projects, valued at USD 1.41 trillion as of April 2024. Saudi Arabia maintains its dominant position, accounting 50.2% (USD 709.01 billion) of the total project value. The United Arab Emirates follows closely with a 22.4% share (USD 316.10 billion). Oman contributes 12.2% (USD 172.05 billion), Kuwait 7.5% (USD 105.47 billion), Qatar 4.8% (USD 67.91 billion), and Bahrain the remaining 2.9% (USD 40.80 billion).
- Construction sector dominates upcoming projects in the GCC, comprising 33.5% (USD 462.4 billion) of the total value as of April 2024. Transportation follows closely with a 20.5% share (USD 283 billion).
- However, a slightly different picture emerges for ongoing projects. The total value of ongoing projects in the GCC stands at USD 1.3 trillion as of April 2024, with Saudi Arabia maintaining its dominance of 54.4% (USD 683.3 billion), followed by the United Arab Emirates and Kuwait at 30.9% and 5.9%, respectively.



Kuwait Upcoming (Pre-Execution) Projects, (in USD Mn)

- Kuwait's upcoming projects hold a projected value of USD 105.47 billion, as of April 2024. Of these projects, 58.1% are currently in the feasibility study stage, while 11.2% are in the design stage. The power sector is expected to receive the largest share of USD 28.7 billion (27.2% of the total), followed by the transport sector with USD 27.6 billion worth of contracts in the pipeline.
- As of April 2024, the value of ongoing projects in Kuwait reached USD 49.2 billion. The construction sector dominates ongoing projects, representing 65% of the total value. The transport sector holds a 13.9% share, followed by the power sector at 13.1%. In terms of sectoral distribution across the GCC, the construction sector continues to dominate with 68.6% or USD 479.4 billion of the total project value. The transport sector follows closely, receiving 11.8% or USD 82.7 billion of the current and ongoing projects in the GCC.



Source: RSM Kuwait, KAMCO Research

Major Projects Update

- 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 evaluates bids for Massive Solar Power Project

The Kuwait Authority for Partnership Projects (KAPP), in collaboration with the Ministry of Electricity, Water & Renewable Energy (MEWRE), is currently evaluating prequalification submissions for a contract to develop and operate a 1,100MW solar independent power producer (IPP) scheme. This project, known as Al-Dibdibah and Shagaya Renewable Energy Project, Phase 3, Zone One, will be located in Jahra governorate, roughly 100 kilometers from Kuwait City.

KAPP previously issued a request for qualifications (RFQ) in March 2024, inviting interested firms to participate in the project. The deadline for submitting RFQs has already passed (22nd February 2024).

Kuwait seeks bids for Major Power and Water Plant project

Kuwait's Ministry of Electricity, Water & Renewable Energy (MEWRE), in collaboration with the Kuwait Authority for Partnership Projects (KAPP), issued requests for proposals (RFPs) for the development and operation of the Al Zour North 2 and 3 Independent Water and Power Producer (IWPP) projects on 31st March 2024. KAPP expects to receive bids by 30th June 2024.

The Al Zour North 2 and 3 IWPP combines the previously planned second and third phases, with a significant capacity of 2,700 megawatts of electricity generation and 120 million imperial gallons of water desalination per day. KAPP has also received statements of qualification (SOQs) for the development of Al Zour North 2 and 3, and Al Khiran 1 IWPP projects. These additional projects will be tendered separately later in 2024.

List of qualified firms to bid for IWPP scheme

- Abu Dhabi National Energy (Taqa / AH Al Sager and Brothers Company (Kuwait) / Jera (Japan)
- AcwaPower / Gulf Investment Corporation (Kuwait)
- China Power International Holding (China) / Malakoff International (Malaysia) / Abdulaziz Al Ajlan & Sons (Saudi Arabia)
- Nebras Power (Qatar)
- Sumitomo Corporation (Japan)

Kuwait, Saudi Arabia near completion of Rail Link study

Kuwait and Saudi Arabia are nearing completion of a feasibility study for a high-speed rail link project between the two countries. With nearly 80% of the study finished, construction could begin by late 2024 or early 2025, aiming for completion by 2028. The 700-kilometer railway would connect Southern Kuwait to Riyadh, Saudi Arabia's capital. France's Systra is a potential candidate for the consultancy services.

The project will be rolled out in three phases.

Phase 1 (3 Months): This initial phase focuses on studying and finalizing the route, starting from Al Shaddadiya in Kuwait and pass through Riyadh, Saudi Arabia's capital city.

Phase 2 (1 Year): The second phase will focus on designing the railway network.

Phase 3 (3 Years): The final phase will involve constructing the rail network itself.

B. Infrastructure and Development Project

Infrastructure development booming at Kuwait's South Sabah Al Ahmed City

Kuwait's Public Authority for Housing Welfare (PAHW) is driving significant progress on the South Sabah Al Ahmed City project, a new township envisioned to accommodate over 11,000 housing units (as detailed in our previous edition – Issue 12). Designed by Foster + Partners, the masterplan covers a vast of 6,150 hectares.

In March 2024, PAHW awarded contracts for road and infrastructure networks for two separate areas:

- N5, N7, N9, N10 suburbs: This contract covers 7,623 residential units and is scheduled for completion by Q3 2025.
- N4, N6, N8 suburbs: This contract encompasses 6,189 residential units and also has a target completion date of Q3 2025.

Construction for another area, encompassing 6,568 units across N1, N2, N3, and N11 neighborhoods, is currently in the bidding phase, with bids due by 16th May 2024.

Kuwait Arab Contractors Company secured a separate contract worth USD 368 million in March 2023 and has already begun infrastructure construction in South Sabah Al Ahmad City, (as mentioned in our previous edition – Issue 12).

Lowest bidders for 7,623 residential units (N5, N7, N9, and N10 suburbs)

- China State Construction Engineering Corporation (China) – USD 304 million
- Sinohydro Corporation (China) – USD 317 million
- Combined Group Contracting Company (Kuwait) – USD 330 million
- Kuwait Arab Contractors Co. (Kuwait) – USD 337 million
- United Gulf Construction Co. (Kuwait) – USD 346 million
- Kuwait Factories Construction & Contracting (Kuwait) – USD 348 million
- China Gezhouba Group (China) – USD 368 million
- China Railway No.5 Engineering Group (China) – USD 370 million
- Al Ghanim International (Kuwait) – USD 376 million
- Al Ahmadiyah Contracting & Trading (Kuwait) – USD 567 million
- Mohammed Abdul Mohsen Al Kharafi (Kuwait) – (value undisclosed)

Lowest bidders for 6,189 residential units (N4, N6, and N8 suburbs)

- Sinohydro Corporation (China) – USD 255 million
- China State Construction Engineering Corporation (China) – USD 255 million
- Combined Group Contracting Company (Kuwait) – USD 263 million
- Bayan National Construction Contracting Company (Kuwait) – USD 268 million
- Arab Contractors Company (Egypt) – USD 283 million
- Kuwait Factories Construction & Contracting (Kuwait) – USD 283 million
- United Gulf Construction Company (Kuwait) – USD 291 million
- China Gezhouba Group (China) – USD 312 million
- Al Ghanim International – USD 312 million
- Al Ahmadiyah Contracting & Trading – USD 465 million

Seoul firm wins South Saad Al Abdullah City PMC deals

Kuwait's Public Authority for Housing Welfare (PAHW) awarded a project management consultancy contract to HanmiGlobal, a Seoul-based firm, for the development of South Saad Al Abdullah City. This massive project, encompassing an area of 64 square kilometers, which also includes five residential areas with 24,508 housing units, situated in Jahra governorate.

HanmiGlobal is collaborating with Kuwait Technical Consulting Bureau and South Korean firm Dongmyeong Engineering Company for project delivery, with Korea Land & Housing Corp serving as the project consultant. The project is slated for completion during Q1 2027.

Bidders for South Saad Al Abdullah project

- China Gezhouba Group Company / United Gulf Construction Company – USD 1.12 billion
- Alghanim International General Trading & Contracting – USD 1.26 billion
- Sinohydro Corporation – USD 1.33 billion
- China First Highway Engineering Company – USD 1.35 billion
- Metallurgical Corporation of China – USD 1.36 billion
- Makyol Insaat Sanayi Turizm ve Ticaret – USD 1.39 billion
- Limak Insaat Sanayi Ve Tikaret Anonim Sirketi – USD 1.39 billion
- Arab Contractors Construction Company (Osman Ahmed Osman & Co) – USD 1.56 billion

B. Infrastructure and Development Project (Contd.)

Kuwait expects award contract for Al Mutlaa City

Kuwait's Public Authority for Housing Welfare (PAHW) is set to award the main contracts for constructing public buildings in Al-Mutlaa City during Q2 2024. The buildings are slated for completion by Q4 2025. The buildings in N1 and N3 suburbs form one package with estimated costs of USD 70 million, while those in N2 and N4 suburbs constitute a separate package with an estimated cost of USD 110 million.

Both tenders were issued on 24th December 2023, with the bid submission deadline extended to 19th February 2024. The contracts are expected to be awarded by early May 2024.

Prequalified firms for N1 and N3 suburbs

- Kuwait Factories Construction and Contracting Company – USD 74 million
- United Building Company – USD 57.1 million
- Wara Construction Company – USD 54 million
- Khalid Ali Al-Kharafi & Brothers Co. Construction, Contracting Company – USD 62 million
- Real Estate Construction and Manufacturing Company – USD 54 million

Prequalified firms for N2 and N4 suburbs

- Kuwait Factories Construction and Contracting Company – USD 109.4 million
- United Building Company – USD 94.6 million
- Wara Construction Company – USD 85 million
- Khalid Ali Al-Kharafi & Brothers Co. Construction, Contracting Company – USD 100.4 million
- SAC Construction Company for General Trading and Contracting – USD 83.1 million
- Real Estate Construction and Manufacturing Company – USD 91.1 million
- KCC Engineering Construction & Maintenance Company – USD 92.3 million
- Nusseibeh General Contracting Company for Buildings

Kuwait starts construction of logistic city project

Kuwait is undertaking a project to construct a logistics city at Shuwaikh Port, with an estimated cost of around KD 200 million (USD 660 million).

The project, led by the Kuwait Ports Authority, aims to enhance maritime trade by providing warehouses, support services, a shopping mall, and administrative buildings. Set to be completed by 2028, the logistics city aims to improve container handling, boost port activities, expand transit, and attract global firms.

Kuwait receives bids for two Housing Complex projects

Kuwait's Public Authority for Housing Welfare (PAHW) received bids from contracting firms for the construction of two residential projects involving 1,777 houses, buildings, and associated infrastructure in sector BP3 and 1,568 houses, buildings, and associated infrastructure in sector BP1.

Bidders for the BP1 scheme

- Wara Construction Company – USD 377 million
- Real Estate Construction and Fabrication Company – USD 394 million
- Arab Contractors Company – USD 406 million
- Khalid Ali Al Kharafi & Brothers – USD 406 million
- Canar Trading & Contracting – USD 412 million
- United Gulf Construction Company – USD 452 million
- United Building Company – USD 455 million
- Sinohydro Corporation – USD 494 million
- Combined Group Contracting Company – USD 591 million
- Mohamed Abdul Mohsin Al Kharafi & Sons (undisclosed)

Bidders for the BP3 scheme

- Wara Construction Company – USD 399 million
- Real Estate Construction and Fabrication Company – USD 403 million
- Arab Contractors Company – USD 409 million
- Khalid Ali Al Kharafi & Brothers – USD 419 million
- Canar Trading & Contracting – USD 429 million
- United Gulf Construction Company – USD 461 million
- United Building Company – USD 471 million
- Sinohydro Corporation – USD 481 million
- China First Highway Engineering Company – USD 488 million
- Combined Group Contracting Company – USD 500 million
- China Railway No.5 Engineering Group – USD 516 million

Kuwait awards Souq Al Mubarakiya construction deals

Kuwait Finance House has awarded contracts for the reconstruction of 17 buildings and infrastructure upgrades for the historic Souq Al Mubarakiya Development and Reconstruction project in Kuwait. Alghanim International, a Kuwaiti firm, has been awarded the main contract, with Egis, a French firm, serving as the project management consultant and Kuwait-based Kuwait Gulf Consult as the design consultant.

C. Oil & Gas Sector Projects

Kuwait announces major project tenders worth KD 1.56 Billion

Kuwait Oil Company (KOC) invited prequalified firms to submit bids for ten projects with a combined value of KD 1.56 billion (USD 6.37 billion) contracts. Individual project budgets range from USD 80.3 million and USD 1.1 billion.

The projects and their estimated costs are as follows:

- **Project 1 (EF 3034):** Jurassic Light Oil (JLO) export facilities and existing network upgraded: KD 175 million (USD 569 million).
- **Project 2 (EF 2058):** Expansion of Effluent Water Disposal Plants (EWDPs) I & II for injection maintenance: KD 220 million (USD 716 million).
- **Project 3 (EF 2059):** Installation of SGC-II in EK-II area (old) crude debottlenecking for EK-II Area (SGC-II) Phase 1: KD 207 million (USD 673 million).
- **Project 4 (EF 2075):** Installation of Separation Gathering Centre (SGC-I) and Water Injection Plant (WIP-I) in EK-1: KD 333 million (USD 1 billion).
- **Project 5 (EF 2076):** Installation of Separation Gathering Centre (SGC-III) and Water Injection Plant (WIP-III) in SK-1: KD 341 million (USD 1.1 billion).
- **Project 6 (EF 2077):** Installation of water injection plant (WIP-IV) in Southern Kuwait area: KD 216 million (USD 704 million).
- **Project 7 (EF 2030):** Separation facilities in Northern Kuwait SA/BA Area (Gathering Centre 23 & 24), injection facility at GC-31 and new NK EW injection networks (BOO): KD 292 million (USD 951 million).
- **Project 8 (EF 2078):** Separation facilities at GC-25 and water injection facility at Gathering Centre 30: KD 104 million (USD 338 million).
- **Project 9 (EF 2032):** Incoming subgroup manifolds and group trunklines (MGTs) for Raudhatain area in NK: KD 25 million (USD 80 million).
- **Project 10 (EF 2033):** Incoming subgroup manifolds and trunklines (MGTs) for Sabriyah area in NK: KD 46 million (USD 148 million).

According to a recent news report, for the three upstream projects (EF 3034, EF 2075, and EF 2076) totaling a value of USD 2.7 billion, the Kuwait Petroleum Corporation's (KPC) Higher Purchase Committee will allow prequalification applications for at least 30 days before issuing bid individuals.

15 prequalified firms to bid on the JLO export facilities projects

- CTCI (Taiwan)
- Daewoo (South Korea)
- Fluor (US)
- Hyundai Engineering & Construction (South Korea)
- Hyundai Engineering Company (South Korea)
- Hyundai Heavy Industries (South Korea)
- JGC Corporation (Japan)
- Larsen & Toubro (India)
- NMDC Energy (UAE)
- Petrofac (UK)
- Saipem (Italy)
- Samsung Engineering Company (South Korea)
- Sinopec Engineering Corporation (China)
- Sinopec Luoyang Engineering Company (China)
- Tecnicas Reunidas (Spain)

14 prequalified firms to bid for the SGC-I and WIP-I and SGC-III and WIP-III projects

- CTCI (Taiwan)
- Daewoo (South Korea)
- Fluor (US)
- Hyundai Engineering & Construction (South Korea)
- Hyundai Engineering Company (South Korea)
- Hyundai Heavy Industries (South Korea)
- JGC Corporation (Japan)
- Larsen & Toubro (India)
- Petrofac (UK)
- Saipem (Italy)
- Samsung Engineering Company (South Korea)
- Sinopec Engineering Corporation (China)
- Sinopec Luoyang Engineering Company (China)
- Tecnicas Reunidas (Spain)

9 prequalified firms to bid for the EWDPs I&II expansion projects

- Tecnicas Reunidas (Spain)
- Sinopec Engineering (China)
- KBR (US)
- Hyundai Engineering & Construction (South Korea)
- Hyundai Engineering Company (South Korea)
- Saipem (Italy)
- Samsung Engineering Company (South Korea)
- Daewoo (South Korea)
- Larsen & Toubro (India)
- Sinopec Louyang (China)

C. Oil & Gas Sector Projects (Contd.)

Kuwait awards USD 84.7 million flowlines contract

Kuwait Oil Company (KOC) awarded a worth KD 26 million (USD 84.7 million) contract to Kuwait's Heavy Engineering Industries & Shipbuilding Company (HEISCO). This five-year deal involves providing digital technical support services for the Kuwait Jurassic gas fields.

KOC originally issued the tender for this project in Q1 2023, with a deadline for bids in early July. After several extensions, HEISCO submitted the winning bid on 26th September 2023 ([as reported in our previous edition – Issue 11](#)).

Kuwait receives bids submission for Early Production Facility

Kuwait Oil Company (KOC) receives bids submission for a contract to upgrade facility known as Early Production Facility (EPF-18), with an estimated project cost of USD 150 million.

The project's scope encompasses:

- Installation of a gas compression unit
- Laying of a crude export pipeline
- Construction of storage facilities
- Construction of production units
- Construction of associated facilities

Kuwait tenders gas export pipeline project

Kuwait Oil Company (KOC) has initiated the tender process for a gas export pipeline project, slated to run from the Wafra Joint Operations (WJO) area to the booster station known as BS-171. The WJO area is situated within the partitioned Zone between Kuwait and Saudi Arabia.

The estimated cost of the contract stands at USD 200 million. A pre-tender meeting is scheduled for 9th May, with the bid deadline set for 8th July 2024.

The project's scope encompasses several key components:

- Laying a 65-kilometre pipeline with a 20-inch diameter
- Developing a storage pipe yard
- Installation of launcher/receiver facilities
- Installation of valves
- Installation of metering systems
- Installation of safety systems
- Construction of other associated facilities

International firms to compete for Kuwait drilling contract

Leading international firms, such as US-based Baker Hughes and Halliburton, are set to compete for a renowned field service contract with Kuwait Oil Company (KOC). The contract will primarily involve providing coring services for drilling operations, with an estimated value of USD 100 million.

Prequalified bidders for the project

- Halliburton (US)
- Corpo Systems (UK)
- Baker Hughes (US)
- NOV Downhole Eurasia (UK)

Kuwait expects commissioning of the Jurassic production facility

Kuwait Oil Company (KOC) is nearing completion of the Jurassic Production Facilities 4 (JPF 4), a major oil and gas project valued at USD 398 million. This significant step follows awarding the main contract to Kuwait's Spetco in December 2021 ([as detailed in our previous edition – Issue 11](#)). Spetco, already operating the successful JPF 3 facility, is overseeing the commissioning of JPF 4 facility.

JPF 4 represents a crucial piece in Kuwait's plan to ramp up gas production and deliver high-quality products to the global market. Completion of JPF 5, a similarly sized project valued at USD 426 million and awarded to China's Jereh in December 2021, is expected to follow soon.

Both projects rank among the largest ongoing ventures in Kuwait's oil and gas sector.

Kuwait relaunches bids for Lower Fars heavy upstream project

Kuwait Oil Company (KOC) relaunched the prequalification process for a design consultant contract for its Lower Fars heavy oil (LFHO) development programme. The deadline for bid submissions was 2nd June 2024, and submissions had to be submitted online.

According to news reports, the main package for phase 1 of KOC's Ratqa Lower Fars heavy oil project was completed in 2019. A consortium comprising UK-based Petrofac and Lebanon's Consolidated Contractors Company (CCC) secured the USD 4.1 billion contract for the main package in January 2015 ([as mentioned in our previous edition – Issue 6](#)).

C. Oil & Gas Sector Projects (Contd.)

Kuwait to launch new major oil remediation project

Kuwait Oil Company (KOC) is set to launch a major oil remediation project by late 2024, marking the second phase of the Sustainable Environmental Economic Development (SEED-2) scheme. The project aims to remediate four million cubic meters of soil and will be divided into three packages:

- North Zone
- West Zone, and
- South East Zone

Unlike previous similar projects funded by the UN's Kuwait Environmental Remediation Programme (KERP), this project will be executed under the KOC budget.

Since the inception of the original SEED project in 2012, Kuwait has successfully completed numerous remediation schemes, often surpassing expectations.

In April 2024, a joint venture between Kuwait's Khalid Ali Al Kharafi & Brothers Company and Finland's Lamor Corporation surpassed expectations by bio-remediating over 2.3 million tonnes of oil-contaminated soil within a year. This achievement was realized through two remediation projects:

- 1) North Kuwait Excavation, Transportation & Remediation (NKETR) A – Sabria: Kharafi (Kuwait)/Lamor (Finland) – USD 194 million
- 2) South Kuwait Excavation, Transportation & Remediation (SKETR) A – Greater Burgan: Kharafi (Kuwait)/Lamor (Finland) – USD 197 million

Kuwait extends bid submission deadline for downstream project

Kuwait Integrated Petroleum Industries Company (KIPIC) extended the deadline for bids on a project to develop an alternative feed for the hydrogen production unit at its USD 16 billion Al-Zour refinery.

The new deadline was set for 12th March 2024, extending the previous deadline of 11th February 2024. Originally, tendered in June 2023 with a deadline of 20th June ([as mentioned in our previous edition – Issue 12](#)), the project has seen several deadline extensions.

The scope of the contract includes engineering, procurement, and construction (EPC) work, along with pre-commissioning, start-up activities, and quality testing. The project has an estimated budget of USD 150 million and is expected to take 36 months to complete.

Kuwait extends deadlines for two major oil projects

Kuwait National Petroleum Company (KNPC) has postponed bid deadlines for two major oil and gas projects, with a combined estimated value of USD 1.23 billion, pushing the new submission dates to June 2024.

The first project, known as the Al Mutlaa New Fuel Depot, valued at USD 85 million, had its bid submission deadline extended to 30th June 2024, from the original date of 13th February 2024. This extension follows multiple prior delays. The project involves developing new pumping facilities at the Mina Al Ahmadi and Shuaiba refineries, constructing a local market depot, installing safety and fire-fighting systems, and building storage tanks.

The second project, overseen by Kuwait Oil Company (KOC), for Depletion Compression Systems and Sulphur recovery units (SRUs), valued at USD 380 million, has also been extended to 4th June 2024, originally set for 17th December 2023. Due to an expanded project scope, including additional pressure systems, the bid deadline was postponed and extended to 21st April then to 19th March, initially set for 18th February 2024. The project, which will be executed using the build-own-operate-transfer (BOT) model, entails installing compression systems and recovery units at the Early Production Facility 50 and Jurassic Production Facility 3.

D. Other Sector Projects

Kuwait awards USD 450 million contract for boiler rehabilitation

Kuwait-based Heavy Engineering Industries and Shipbuilding Company (HEISCO) has secured a contract worth approximately KD 136.6 million (USD 450 million) with the Ministry of Electricity, Water and Renewable Energy (MEWRE).

The contract entails the rehabilitation and lifetime extension of boilers and replacement of control systems for boilers, steam turbines, and auxiliaries across eight units at the Al-Zour South Power and Water Distillation Station.

Kuwait retenders revegetation contracts

Kuwait Oil Company (KOC) has retendered a major revegetation project that was originally issued in August 2023 as part of the Kuwait Environmental Remediation Programme (Kerp) due to bids exceeding the budget.

The project has been now restructured into three packages from its original four. A pre-tender meeting is scheduled for 13th May, with a bid submission deadline of 17th June 2024.

The three packages have been given an initial guarantee value of KD 300,000 (USD 974,000) and are named Zone 1, Zone 2, and Zone 3. The project is expected to have a combined value of roughly USD 675 million (as mentioned in our previous edition – Issue 11), which also marks the final phase of Kerp, the world's largest environmental remediation initiative.

Kuwait invites bids for renewable energy contract

Kuwait National Petroleum Company (KNPC) has invited leading engineering firms to bid on a contract aimed at conducting preliminary feasibility studies. These studies will assess how renewable energy and its alternatives can enhance the operations of both KNPC and the Kuwait Integrated Petroleum Industries Company (KIPIC). The request was issued by the Supreme Procurement Committee at the Kuwait Petroleum Corporation. Companies have until 1st February to submit their proposals for the contract.

Invited firms to submit bids for the contract

- Amec Foster Wheeler Group (UK)
- Kellogg Brown and Root (KBR, US)
- Worley Engineering (Australia)
- Technip Energies (France)

Kuwait awards Al Zour South upgrade project

Kuwait's Ministry of Electricity, Water & Renewable Energy (MEWRE) awarded a contract to a consortium led by Japan's Mitsubishi Power and Kuwait-based Heavy Engineering Industries and Shipbuilding Company (HEISCO) to rehabilitate eight units at the Al Zour South power station. The project involves rehabilitating and upgrading eight steam generator boilers, replacing the control system for boilers, steam turbines, and auxiliaries.

Kuwait's Al Zour South power station, commissioned in 1986 with a capacity of 2,400MW, is slated for a comprehensive rehabilitation project led by Mitsubishi Power. This initiative will encompass the overhaul of boiler components, integration of a new distributed control system, and implementation of advanced environmental technologies to reduce nitrogen oxide (Nox) and particulate matter (PM) emissions, aligning with the emissions reduction goals set forth by Kuwait Environmental Public Authority.

Kuwait announces progress on Dorra gas field

Kuwait Petroleum Corporation (KPC) has achieved significant progress on the Dorra gas field development project. The front-end engineering and design (FEED) revalidation is nearing completion in the coming months, with the design phase following closely. An investment decision to initiate field development is expected soon.

Collaboration between Kuwait and Saudi Arabia on the offshore field, discovered in 1965, is progressing rapidly. France's Technip Energies is overseeing the FEED revalidation, positioning them well for the engineering, procurement, and construction (EPC) contract. Despite ownership disputes involving Iran, the project is moving forward with plans for joint development between Saudi Arabia and Kuwait. The two countries signed a memorandum of understanding (MoU) on 11th December 2023, aiming to produce 1 billion standard cubic feet of gas per day and split the gas equally, (as mentioned in our previous edition – Issue 12)

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