Embassy of India
Kuwait
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Weekly Economic & Commercial Report
06 September to 12 September 2024

Bilateral Trade Promotion Events organized by Embassy

Embassy of India, Kuwait organized bilateral trade promotion events in Food, Agro and Beverages sectors from 8-10 September 2024 in Kuwait. The first event – an exclusive BSM in Food and Beverages sector – Embassy organized with Trade Promotion Council of India (TPCI) at Grand Majestic Hotel on 8th September 2024. TPCI delegation brought 10 leading Indian F&B companies who showcased variety of products during the BSM and had a fruitful B2B meetings with importers in Kuwait as well as Kuwaiti businessmen. The second event Embassy organized in association with Federation of Indian Export Organizations (FIEO) and Kuwait Chamber of Commerce & Industry (KCCI) – a BSM – in the field of Food and Agro sector on 9-10 September 2024 morning, at KCCI Exhibition Hall. FEIO mounted a strong delegation of 29 leading Indian Food & Agro companies. Companies exhibited its products range consisting latest trends and innovations in Indian food and agriculture sector. In the evening, a separate event was organized by Indian Business and Professional Council (IBPC) in collaboration with Embassy at Hotel Crowne Plaza. All the events were well-attended and widely covered in local press and TV.

Kuwait opens its first fiber optics cable manufacturing company

Kuwait's Ministry of Commerce and Industry keen on diversifying and supporting industrial activities and in this direction has announced the opening of Taihan Kuwait Fiber Optics Cable Company - the first Kuwaiti company to manufacture fiber optic cables - in cooperation with South Korea's Taihan Cable and Solution Company and Kuwait's Rank General Trading and Contracting Company. Kuwait is now heading towards a complete transformation to fiber optic cables. Stressing the importance of fiber optic cables as backbone of modern communication systems, it has been stated that that this company will have a positive impact on the Kuwaiti industrial environment. It has also been emphasized that fiber optics will play a vital role in connecting Kuwait to high-speed Internet and will contribute to supporting Kuwait Vision 2035 to make the country a regional center for trade and industry in the Middle East.

Three bid for Kuwait housing substation contracts

Kuwait's Public Authority for Housing Welfare (PAHW) has received bids for two 400/132/11-kilovolt (kV) substation packages catering to Nawaf Al-Ahmad City, previously known as the South Saad Al-Abdullah housing project, in Al-Jahra Governorate. The local Al-Ahleia Switchboard Company submitted the lowest bid of KD29.22m (US$95.7m) for the contract to build the first 400/132/110kV substation. The other two bidders, India's Larsen & Toubro (L&T) and Saudi Arabia's National Contracting Company, offered KD29.9m and KD30.4m, respectively, for the contract. The scope of this project called 'SSAB 1Z', involves constructing transmission cables and the installation of a switchgear, a control panel and a fire protection system, among other facilities. The same contractors

submitted bids for a similar 400/1232/11kV project called SSAB 2Z, also catering to the housing development. The bidders and their offers for the second substation project are: Larsen & Toubro of India : KD29.6m, Al-Ahleia Switchboard Company (Kuwait): KD29.9m, National Contracting Company (Kuwait): KD30.81m. PAHW tendered the contracts in July and received bids on 5 September.

Extensive delays expected for Kuwait downstream project

Extensive delays are expected for the Kuwait National Petroleum Company (KNPC) project to develop a fuel depot in Kuwait's Al-Mutlaa region. The project is expected to be worth $850m and has already been delayed several times. It is reported that bids for the project's main contract will not be submitted until a study has been completed evaluating technical and financial aspects of the project. Originally, the contract for the study was tendered with a bid deadline of 13 June, but that deadline has been extended and bids have yet to be submitted. It has been reported that the bid deadline for a separate EPC contract for the project has been pushed back several times and is now scheduled for 1 December 2024. Due to delays to the consultancy contract. it is believed that other bids will not be submitted ahead of the 1 December deadline and the project will see more deadline extensions. Project is known as the Al-Mutlaa new fuel depot project and its scope would include: Development of new pumping facilities at the Mina Al-Ahmadi and Shuaiba refineries, Laying of cross-country pipelines from the Mina Al-Ahmadi and Shuaiba refineries, Construction of a local market depot, Installation of safety systems, Installation of fire-fighting systems and Construction of storage tanks. The facility will store fuels for distribution within Kuwait.

PAHW issues 3 new tenders for South Saad Al-Abdullah project

The Public Authority for Housing Welfare (PAHW) announced the issuance of 3 tenders for infrastructure development of 23,551 plots in South Saad Al-Abdullah. A total of 12 tenders are planned for the same project in current fiscal year. So far, PAHW has issued 5 tenders, including two for the installation of main power stations. 7 additional tenders are expected to be issued for overseeing infrastructure work and constructing main power stations. It is anticipated that construction orders for the project will begin in 2028. The tender projects span 1,080 days and cover all residential and 4 suburbs within the city. The scope of work also involves the construction of 649 sub-electricity stations for the city's suburbs, as well as the installation of rainwater, sewage, irrigation, treated water, and freshwater networks. The project has been divided into 3 packages for residential and investment suburbs and will be open for public tenders to international contractors, including foreign, local, and Gulf companies that specialize in roadworks and infrastructure services.

Turkish company 'Biyorem' in talks for Kuwait remediation deals

It is reported that Turkey-based company, Biyorem, is discussing with companies in Kuwait about supplying bioremediation product a (a bacteria put on contaminated soil) for Kuwait Environmental Remediation Programme (KERP). KERP, established by UN Compensation Commission (UNCC) to allow Kuwait to address the ecological damage

resulting from the 1990-91 Gulf War. About 114 sq km of Kuwaiti desert surface was contaminated, nearly 700 oil wells were set on fire. More than 30 years after the UNCC was created to ensure restitution for Kuwait following the Iraqi invasion of 1990, the reparations body announced in February 2022 that it had processed its final claim, amounting to $52.4bn in total. Considering the scale of the KERP project, it is an unparalleled business opportunity for Biyorem. KERP is understood to be deploying about $3.5bn of the reparation funds in cleaning up the damage caused by oil spills during war.

Food prices in Kuwait surge by 30 percent since start of 2024

The Kuwait Society for Consumer Protection has reported a significant 30% surge in food prices in the country since early 2024, citing higher shipping costs, global inflation, climate change and ongoing international crises in the Red Sea disruption as key contributing factors. Additionally, the Russia-Ukraine war and related geopolitical tensions have exacerbated global inflation, pushing the prices of basic food commodities in Kuwait up by 25 to 30 percent. The prices of some food commodities have increased up to 28 percent this year.

Kuwaiti loan plans halted amid anticipation of US Fed rate cut

Anticipating potential interest rate cut by the US Federal Reserve, Kuwait's financial market is experiencing a ripple effect. Both companies and individuals are holding off on their loan plans and waiting for clarity on the Federal Reserve's decision and its subsequent impact on the Central Bank of Kuwait's policies. Kuwaiti Banks have noticed an uptick in demand from individuals renewing their matured or about to mature deposits only for one-year period. These rates have dropped to 4.25 percent, from previously 4.6% and 4.9%. Central Bank of Kuwait has recently engaged with local banks to ensure adequate liquidity levels. This reassures the market about the overall soundness of the banking sector's liquidity. Additionally, the Central Bank directed banks to restrict the conversion of loans granted in Kuwaiti Dinars into US Dollar purchases, except in cases where the dollar funds are pre-requisite. The Central Bank's policies emphasize maintaining the stability of the Kuwaiti Dinar by using a weighted basket of currencies from countries with significant trade and financial relationships with Kuwait.

With regards,

(Davinder Punj)
Second Secretary (Commerce)

Food prices in Kuwait surge by 30 percent since start of 2024

The combination of higher shipping and transportation costs (due to the ongoing crises in the Red Sea routes), along with rising global inflation rates, has contributed to an increase in the prices of basic commodities in Kuwait by approximately 25 to 30 percent, compared to the end of 2023. Also, the ongoing Russian-Ukrainian war continues to influence the rise in prices, particularly for food items. The prices of some food commodities have increased up to 28 percent this year.

PAHW faces budget deficit, expenses exceed revenues

Kuwait's Public Authority for Housing Welfare (PAHW) provisional budget has revealed that their revenues are expected to amount to KD 8.6 million (USD 27.5 million), while their expenses would amount to KD 635.4 million (USD 2,033.3 million), about 73 times the revenues. The PAHW is currently engaged in several affordable housing projects in Kuwait.

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Investment funds sector market share drops to 0.7%

KCC reports increase in institutional trading KUWAIT CITY, Sept 8: The Kuwait Clearing Company has released its report on trading volumes for the offi cial market, covering the period from January 1, 2024, to August 31, 2024, reports Al-Jarida daily. This report, published on the Boursa Kuwait website, provides insights into trading activities based on the nationality and

category of traders. According to the report, the institutions and companies sector continues to dominate trading activities, with its share increasing signifi cantly. This sector accounted for 59.5 percent of the total value of purchased shares (up from 45.7 percent during the same period in 2023) and 58.6 percent of the total value of sold shares (compared to 45.6 percent in 2023). Institutions and companies bought shares worth 5.186 billion dinars and sold shares worth 5.110 billion dinars, resulting in a net purchase of 75.806 million dinars. The individual sector remains the second largest contributor to market liquidity. Its share has also grown, capturing 37.1 percent of the total value of sold shares (up from 31.8 percent in 2023) and 36.3 percent of the total value of purchased shares (up from 32.4 percent in 2023). Individual investors sold shares worth 3.229 billion dinars and bought shares worth 3.162 billion dinars, resulting in a net selling of 67.365 million dinars. The client accounts sector (portfolios) has seen a decline in its market share. It contributed 3.6 percent of the total value of shares sold (down from 18.4 percent in 2023) and 3.5 percent of the total value of shares purchased (down from 17.8 percent in 2023). This sector sold shares worth 316.816 million dinars and bought shares worth 308.178 million dinars, leading to a net selling of 8.638 million dinars. The investment funds sector also experienced a decrease in its market share. It accounted for just 0.7 percent of the total value of purchased shares (down from 4.1 percent in 2023) and 0.7 percent of the total value of sold shares (down from 4.3 percent in 2023). This sector bought shares worth 56.955 million dinars and sold shares worth 56.758 million dinars, resulting in a net trading value of 197,000 dinars. The report highlights a notable trend in the Boursa Kuwait's local investor base. Kuwaiti investors remain the most signifi cant players in the market, having sold shares worth 7.241 billion dinars, which represents 83.1 percent of the total value of shares sold (up from 80.8 percent in 2023). They also purchased shares worth 7.191 billion dinars, capturing 82.5 percent of the total value of purchased shares (down slightly from 82.7 percent in 2023), leading to a net selling of 50.305 million dinars. In contrast, other investors' share in the total value of purchased shares was 15.7 percent (up from 14.5 percent in 2023), with purchases amounting to 1.367 billion dinars. Their share in the total value of sold shares was 14.2 percent (down from 14.7 percent in 2023), with sales totaling 1.241 billion dinars, resulting in a net buying of 125.316 million dinars. US services PMI rises to 51.5

OPEC+ extends voluntary oil output cuts

Saudi Arabia, Russia, Iraq, the United Arab Emirates, Kuwait, Kazakhstan, Algeria, and Oman have extended voluntary cuts of their output of the crude oil. OPEC+ countries held a virtual meeting during which a collective resolution to ensure full compliance with the voluntary production adjustments have happened. In August 2024, Saudi Arabia, Russia, the United Arab Emirates, Kuwait, Algeria, and Oman, conducted two ministerial discussions with Iraq and Kazakhstan. Both countries were urged to compensate for the overproduced volumes since January 2024.In recognition of strengthened resolve and renewed firm commitment, the 8 participating countries have agreed to extend their additional voluntary production cuts of 2.2 million BPD until the end of November 2024.

Indian Embassy to hold series of bilateral trade promotion events

The Indian Embassy in Kuwait is organizing a series of bilateral trade promotion events in food, agro and beverages sectors from September 8-10, 2024. The event will be organized in collaboration with the Trade Promotion Council of India (TPCI), an apex trade and investment promotion organization is organizing an exclusive Buyer Seller Meet (BSM) in Food and Beverages (F&B) sector on 8 September 2024 at Hotel Grand Majestic, Kuwait City. A delegation of 10 leading Indian F&B companies will be showcasing variety of products during the event. The Embassy, in association with Federation of Indian Export Organizations (FIEO) and Kuwait Chamber of Commerce & Industry (KCCI) will be organizing a Buyer-Seller meet in Food and Agro products 9-10 Sept 9 and 10 at the KCCI Exhibition Hall. A delegation of around 30 Indian companies will exhibit products range consisting latest trends and innovations in Indian food and agriculture sector, food processing, food packaging, etc. during the event. The Ambassador of India to Kuwait, HE Dr. Adarsh Swaika will inaugurate both events at Hotel Grand Majestic and KCCI Exhibition Hall respectively. India's total export of food and agro products to Kuwait was valued at USD344.36 mn in FY 2023-24. There is a signifi cant potential for greater bilateral trade in this sector given that India is one of the top producers of agro and food products with Indian food industry currently valued at $258 billion. India has the second largest arable land available for agriculture and it produced 278 million tonnes of food-grains last year, including rice and wheat. India is ranked number one in the world in population of livestock and production of milk and buffalo meat, number two in production of fruits and vegetables, eggs and goat meat. India is the third largest producer of poultry meat. The proposed BSMs will feature a new range of products where exhibitors will present advancements in organic farming, food safety standards, and sustainable agricultural practices. Visitors can expect to see product innovations such as alternative proteins, fortifi ed foods, and advanced food preservation technologies, which promise to open new markets and consumer segments. The visiting delegations will also hold B2B meetings with the prominent importers, hypermarkets, retail stores in Kuwait. FIEO delegation will also be participating in a Business networking session organized by Indian Business Professionals Council (IBPC). Both the events are open for B2B meetings.

The fires burnt for nearly 10 months and clouded Gulf skies. Soot, which rose up to

22,000 feet, caused widespread environmental damage.

Wet and dry oil lakes and trenches filled with crude were formed by discharge from damaged well heads.

Some of these pose a more complicated challenge to clean up because they are located near aquifers or contain unexploded ordinance.