Embassy of India
Kuwait
*****

Weekly Economic & Commercial Report
23 August to 29 August 2024

Indian airline - Akasa Air - launched from Kuwait

On 23rd August 2024 Ambassador of India to Kuwait, Dr. Adarsh Swaika, inaugurated Akasa Air, an Indian civil aviation company which launched its first flight on Kuwait-Mumbai sector. Akasa will operate one flight everyday. One million Indians living and working at various professional levels in Kuwait overall constitute around 21% of the total population of Kuwait. The Indian community remains closely connected to its roots back in India and frequently travel to India. With addition of one more airlines on the sector, connectivity would further strengthen people-to-people contacts, business and will provide tourism opportunities.

Titan – Indian brand inauguration

On 25 August 2024, Counsellor (Political & Commercial) Shri Sanjay K. Muluka, inaugurated the first exclusive showroom of Indian watch brand 'Titan' in Kuwait. Titan watches were available in Kuwait but this current expansion in GCC coutnries with exclusive show rooms reflects the Indian brand's commitment to excellence and will to cater increasing demand in the sector.

Kuwait prequalifies 6 companies for 1.1GW solar IPP

Kuwait's Ministry of Electricity, Water & Renewable Energy (MEWRE), through the Kuwait Authority for Partnership Projects (KAPP), has prequalified six consortiums and companies bid for a contract to develop and operate a major solar power plant project in the country. International and local utility developers can bid for the Al-Dibdibah and Shagaya renewable energy phase three, zone one package. The Al-Dibdibah power and Al-Shagaya renewable energy phase three, zone one project is understood to have a capacity of 1,100MW. The consortiums and companies that have been prequalified to bid for the contract are: Alternative Energy Projects Company, Kuwait, Abdullah Al-Hamad Al-Sagar and Brothers Company, Kuwait, Fouad Alghanim & Sons General Trading Contracting Company, Kuwait, Acwa Power (Saudi Arabia), Trung Nam Construction (Vietnam), EDF Renewables (France), Korean Western Power Company (Kowepo, South Korea), Jinko Power (Hong Kong)/Jera (Japan), Abu Dhabi Future Energy Company (Masdar, UAE, TotalEnergies Renewables (France). Kuwait aims to have a renewable energy installed capacity of 22,100MW by 2030 and aims to reach net-zero carbon emissions by 2060.

Kuwait signs 15-year Qatar gas deal

During the visit of Qatar Minister of State for Energy Affairs on 26 August 2024, Kuwait signed a gas deal. The agreement is set to be effective for 15 years, with deliveries to Al-Zour Refinery's LNG import terminal beginning in 2025. Under this agreement, up to three million metric tons of LNG will be supplied. This initiative aligns with KPC's 2040 strategy, emphasizing sustainability by adopting LNG as a cleaner energy source. This is a new long-term partnership between Kuwait Petroleum Corporation and QatarEnergy that constitutes a central element in supporting Kuwait's sustainability goals, particularly in electricity generation. This is a 2nd long-term agreement with QatarEnergy within a short span which is in line with Kuwait's Energy Transition 2050 strategy which aims that fossil fuels fuels will dominate energy use through 2050.

Kuwait bans Gulf firms with expat shareholders from operating in the country

Kuwait's Ministry of Commerce recently rejected a Gulf company's request to open a branch in Kuwait on the grounds of expat shareholding. The rejection was based on the fact that as per Ministerial Resolution No. (237) of 2011, Gulf companies must be fully owned by Gulf citizens to open branches in Kuwait. Gulf company submitted a letter objecting to the decision arguing it contradicts the Unified Economic Agreement between Gulf states and claimed that Agreement mandates equal treatment for Gulf citizens in any member state. Ministry of Commerce has sought legal opinion from the Fatwa and Legislation Department. The company also points out that foreign companies are generally permitted to establish branches in Kuwait and also gave reasons for the same, like reciprocity, and emphasised that this regulation is outdated. Decision is pending at Legal Affairs Department of Kuwait.

Larsen & Toubro preparing to bid for SGC-II project in Kuwait's Oil Sector

Larson & Toubro (India) is one of the companies pre-qualified to bid for the US$ 673m gathering sector project in Kuwait, and has attended the pre-tender meeting held on 30 July 2024. The scope of the project, which has been tendered by Kuwait Oil Company (KOC), also includes debottlenecking of the crude supply network. The bid submission for the project has been extended to end of September 2024.

CITRA sets up stage for 5G-A

Kuwait's Communications and Information Technology Regulatory Authority (CITRA) introduced new frequencies to prepare for the rollout of the 5G-Advanced network, which provides the world's most sophisticated communications services. Kuwait will phase out 3G services by June 2025 and redirect resources to enhance and expand 4G and 5G services. It has been claimed that the 5GA technology will bolster the country's leadership in adopting the latest technologies. This represents a significant leap in supporting digital services and applications, as well as in the continuous improvement of users' experience with mobile communication network services in Kuwait.

Kuwait approves signing of 4 MOUs with Bahrain, Oman and South Korea on E-Commerce & Investment

Kuwait's Council of Ministers has approved the signing of four Memorandums of Understanding (MoUs) between Kuwait and the Governments of the Kingdom of Bahrain, Sultanate of Oman and South Korea to cooperate in the fields of E-Commerce, Competition Protection and Direct Investment for varying span. The MoU between the Governments of Kuwait and Bahrain are : Cooperation in the field of E-Commerce. MoU between Kuwait and Oman in the field of Enhancing Competition Protection and Preventing Monopoly that Restricts, Limits or Prevents Free Competition, and another MOU on Industry and Investment Promotion. MoU between Kuwait and South Korea, represented by Incheon Free Economic Zone Authority, on Strengthening Economic Ties between the two countries, and Enhancing the Movement of Goods and Mutual Investments. The MOUs with Bahrain and Oman are for the period of 5 years each, while the MOU with South Korea is for a period of 3 years.

Kuwait and Iraq in $13bn race to develop megaports

Kuwait and Iraq are racing to complete unfinished mega-ports that are located just 10 KM away from each other and are worth an estimated combined total of $13bn. Iraq's Grand Faw Port project is estimated to be worth a total of $8bn. Phase one of the project would be completed

before end of next year enabling port operations to begin. There are concerns among Kuwaiti stakeholders as completion first of Iraqi project will establish Iraq as a dominant shipping hub in the Arabian Gulf, leading to Kuwait missing out commercial opportunities. Kuwait's Mubarak Al-Kabeer port project, which is located around 10km south of Iraq's Grand Faw Port, is estimated to be worth a total of $5bn, was stalled for years after completion of Phase one at a cost $1.2bn in 2014. Phase two of the project will include installing equipment that will allow the port to start operations. Kuwait ramped up its efforts, meetings were held and it was also announced that Kuwait signed an agreement with China to manage the Mubarak Al-Kabeer Port. It is feared that even if approvals are fast-tracked, the Kuwaiti port will only become operational long after Iraq's Grand Faw Port starts operating. Billions of dollars in contracts would be tendered over coming years as Kuwait seeks to offer more attractive port facilities than the rival Grand Faw Port in Iraq.

Kuwait oil pump contract expected to be worth $36m

Kuwait Oil Company (KOC) tendered an oil pump contract which is expected to have a budget of about KD11m ($36m). Tender documents were made available to prospective bidders on 18 August and the deadline for bid submissions is 19 November 2024. The scope of the project includes solar powered reijection pumps in the North Kuwait region. Separately it has been reported that KOC is planning to tender a contract for the supply of electrical submersible pumping services with an estimated budget of $400m. The invitation to bid for this contract is expected to be tendered in 2025. It would be the first in a series of three large well pump tenders. Kuwait's current production capacity stands at about 2.9 million b/d while it aims to reach 3.2 million b/d by 2026 and 4 million barrels a day by 2035.

Bidders renew bonds for key Kuwaiti road contract

Due to delays in the bid evaluation process for Kuwait's project to develop roads to the new Kuwait International airport (KIA) terminal building, bidders have had to renew bid bonds. Kuwait's Ministry of Public Works (MPW) originally issued the tender for the project in 2019. The scope is focused on constructing roads and interchanges connecting to the new KIA terminal building. Bids have been submitted and prices have also been announced for the project but stalled ahead of the contract award due to political uncertainty. On 25 August 2024, four new ministers were added to Kuwait's Cabinet. The reshuffle included a new Finance Minister also, the country's eighth Finance Minister since 2020. The road project is expected to be worth around KD73m ($240m). Japan-based Oriental Consultants completed the design work for the road project in 2016.

With regards,

(Davinder Punj)
Second Secretary (Commerce)