

Embassy of India
Kuwait

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KIPIC, KNPC merger boosts refining power

The merger between Kuwait Integrated Petroleum Industries Company (KIPIC) and Kuwait National Petroleum Company (KNPC) has entered its final phase, with completion expected within days. Once unified, KNPC will operate as one of the region's largest refining companies, with a combined capacity of about 1.41 million barrels per day across the Al-Zour, Mina Al-Ahmadi, and Mina Abdullah refineries. The integration brings Zour Refinery fully under KNPC's operations, a step aimed at stabilising output by offsetting temporary declines caused by heavy-crude processing challenges and maintenance shutdowns. With Al-Zour's first-quarter 2025 processing rate at 507,458 bpd - below its 615,000-bpd capacity - the merger is expected to streamline operations, reduce disruptions, and improve utilisation of the combined 905,000-sqm footprint across the three sites.

Duqm Petrochemical Complex faces delays

The Duqm Petrochemical Complex, a joint initiative between Kuwait Petroleum Corporation (KPC) and Oman's OQ, has been delayed due to the late response of a third partner (SABIC). KPC and OQ plan to move forward independently or seek a new partner. Originally linked to the 2025 start of operations at Duqm Refinery, feasibility studies completed last year confirmed the project's strategic importance, aiming to integrate refining and petrochemical production using naphtha and LPG from Duqm and natural gas from Oman. The complex will tap into growing global petrochemical demand, which rises 3-4% annually, serving industries such as packaging, automotive, medical devices, rubber, fibers, detergents, cosmetics, and plastics.

Sabah Al-Ahmad Medical City project advances

Kuwait's Ministry of Public Works has submitted to the State Audit Bureau a KD 3.281 million tender for the medical city project in Sabah Al-Ahmad Residential City for audit and contract approval. The tender covers the appointment of a local consulting firm to manage design, licensing, allocation preparation, documentation, and later supervision of implementation. The ministry had already secured CAPT approval to award the contract to the financially best offer that met technical requirements. The project is a major healthcare development under the ministry's plan and includes a 500-bed general hospital on a 0.3 km² site, designed to deliver high-quality services, shorten waiting times, and reduce the need for treatment abroad. Facilities will include the main hospital with all core medical departments, a dental building, outpatient clinics, physical therapy and rehabilitation centers, and an accident and emergency building.

KUFPEC Plans to Develop Indonesian Reservoir with Shell

Kuwait Foreign Petroleum Exploration Company (KUFPEC) is leading the development of the Natuna D-Alpha gas structure in the North Natuna Sea, one of the world's largest undeveloped gas reservoirs. The project contains an estimated 222 trillion cubic feet (TCF) of gas, with 46 TCF extractable after CO₂ separation, and around 2.865 million barrels of oil. KUFPEC is in advanced discussions with Shell to form a consortium for the project, aiming to first liquefy oil before investing heavily in gas development due to the high 71% CO₂ content. The project requires advanced technology and strategies, including CO₂ utilization for industrial purposes, Enhanced Oil Recovery (EOR), and Carbon Capture and Storage (CCS), to manage costs and optimize production.

Kuwait suspends Petrofac from oil and gas tender participation

Kuwait Petroleum Corporation has temporarily suspended Petrofac from bidding for new oil and gas tenders, placing the company on the sector's Q-list after it applied to appoint administrators, a move that created uncertainty about its financial stability and future operations. The suspension is described by industry sources as a precautionary step during Petrofac's restructuring, rather than a reflection of its technical capability or project performance. Officials want to assess how the restructuring unfolds before allowing the company to compete again, and the

suspension is expected to be lifted once Petrofac demonstrates stronger stability and its ability to reliably execute major projects in the region.

Kuwait set to restore oil output

Kuwait is expected to return to its full OPEC+ production quota of around 2.8 million barrels per day by late 2026 or early 2027, with Kuwait Petroleum Corporation preparing a major sector-wide push built on five strategies. These include: boosting offshore and onshore exploration after recent well discoveries; strengthening international downstream operations through KPI and expanding KUFPEC's global acquisitions; advancing joint development of the Al-Durra offshore field with Saudi Arabia; expanding petrochemical activities through PIC's local and international portfolio; and increasing refinery capacity at home and abroad to meet rising global demand for petroleum products.

Firms get more time for Dorra gas scheme PMC bids

Al-Khafji Joint Operations (KJO) has extended the deadline for engineering firms to submit bids for project management consultancy services for the multibillion-dollar Dorra gas field facilities development. The offshore field lies in the Neutral Zone shared by Saudi Arabia and Kuwait, and KJO has split the project into four EPC packages - three offshore and one onshore. The PMC tender, issued on 29 September, covers oversight of all EPC works, with the bid deadline now moved from 24 November to 15 December. Firms understood to be competing include Fluor, KBR, Kent, Técnicas Reunidas, Wood and Worley, following a job explanation meeting held on 15 October. The project continues to gain momentum, with L&T Energy Hydrocarbon recently awarded the main EPC contract for offshore package 1 (one).

Crackdown against unlicensed money exchanges, hawala

Kuwait has tightened financial oversight with a new decree-law criminalizing unlicensed currency exchange and informal "alternative remittance systems" such as hawala. The Cabinet, approved penalties of up to six months in jail, fines of up to KD 3,000, and closure of violating outlets. The Ministry of Commerce and Industry also introduced Article (12) to licensing law No. 111/2013, formally banning unregulated remittance networks that create a parallel, undocumented economy and enable money laundering and terrorism financing. The new article imposes a full prohibition

on any unlicensed currency exchange or transfer activity, with penalties including imprisonment, fines, confiscation of funds, and prosecution as part of Kuwait's wider strategy to safeguard economic security.

With kind regards,

(Davinder Punj)
Second Secretary (Commerce)