

## Business

## NBK Economic Report

# Kuwait project awards fall short in 2020 but may recover in 2021

## Total awards in 2020 stood at KD 1.23 billion, up from 2019's KD 0.99 billion

**KUWAIT:** The pace of project awards eased to KD 129 million in 4Q20, down 18.5 percent compared to the same period last year. The value of total projects awarded in 2020, a year heavily affected by the coronavirus pandemic, reached KD 1.23 billion helped by the boost in project activity in 1Q20, with nearly KD 670 million awarded. Although awards were higher than 2019 (KD 0.99 billion), they fell short of initial expectations. The bulk of project awards in 2020 were in the power and water sectors (KD 588 million), followed by the construction sector (KD 322 million) and the transport sector (KD 250 million).

According to Middle East Economic Digest (MEED) Projects, some KD 3.4 billion worth of projects are planned for 2021, mostly in the construction sector, but given the recent trend of delays and setbacks, it is likely that a smaller figure will materialize. A large proportion of expected 2021 project awards hinges on the construction sector's MPW's Mubarak Al-Kabeer Seaport Project: Phase 1: Package 3A (KD 271 million) and the gas sector's KOC Jurassic Non-Associated Phase 2: JPF 4&5 Off-plot & Production Facilities (KD 270 million).

However, according to a recent report by MEED, projects in the tendering phase may face further delays due to the government's resignation in January and the time it takes for the new cabinet to settle in. Meanwhile, with the economy undergoing only a partial recovery so far the projects market is likely to remain subdued, including projects that are part of the development plan, which is experiencing delays.

### Transport

The transport sector saw relatively weak activity in 4Q20, with only about KD 12 million (down nearly 92 percent q/q) from a single project award: The Ministry of Public Works (MPW) 6th Ring Road Motorway. Total annual awards stood at KD 250 million, mainly on account of the MPW's Kuwait Airport Expansion (new Passenger Terminal II: Landside Works, valued at KD 165 million, which was awarded in 3Q20).

Notable upcoming projects include several MPW projects: The Regional Road South Part Project: Central Section (KD129 million); the Crossroads for New Passenger Terminal 2 at Maqwa Road (KD120 million); and the Northern Regional Road (KD99 million), scheduled for 1H21.

### Construction

The construction sector witnessed little activity in 4Q20, with just about KD 13 million in awards from a single, standalone venture: the Public Authority for Sports (PAS) Jaber Mubarak Al-Hamad Al-Sabah Stadium. Meanwhile, total 2020 construction sector awards stood at KD 322 million, down 8 percent from 2019. According to MEED, Kuwait's construction sector has been in recession since 2017, long before the COVID-19 pandemic began to disrupt business. Looking ahead, the sector is poised for a recovery in 2021, with about KD 1.4 billion in planned awards, including Kuwait Authority for Partnership Projects (KAPP) and Kuwait Municipality - South Al-Jahra Labour City (KD 149 million) and MPW's Mubarak Al-Kabeer Seaport Project (KD 271 million), along with several smaller scale projects.

### Power and water

The power and water sectors saw modest activity in 4Q20, with KD 105 million awarded. This accounted for about 80 percent of total fourth quarter awards. The awards came from the Ministry of Public Works (MPW) - Network & Water Treatment Tanks (KD76 million) and the Public Authority for Welfare and Housing (PHAW) South Al-Mutlaa Main Transformer Stations (KD29 million). Annual project awards totaled KD 588 million in 2020, representing 48 percent of total awards, making it the leading sector by value of projects awarded. More than half of total awards came from KAPP and MPW Umm al-Hayman Wastewater Treatment Plant Expansion, valued at KD 420 million, awarded in 1Q20. Activity should hold steady in the power and water sectors this year, with KD 723 million in awards expected in the first three

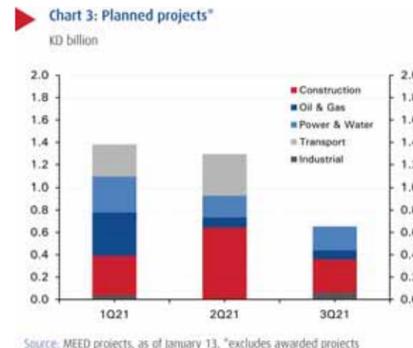


quarters of 2021.

Notable upcoming projects include MPW - Wastewater Treatment Plant in South Al-Mutlaa Area (KD149 million), scheduled for 1Q21, and the Ministry of Electricity and Water (MEW) Doha Desalination Plant Phase 2 (KD130 million), planned for 3Q21, as well as several parts of PAHW's Extension & Maintenance of 132kV Ground Cables at Al Mutlaa city (KD36 million), also scheduled for 1Q21.

### Oil, gas and chemicals

Kuwait's oil and gas sectors were hard hit by the pandemic fallout. The sectors saw no project awards in 2020, likely due to lockdown restrictions and as project owners reassessed projects' future prospects and validities in light of lower oil demand and lower oil prices, which hindered project progress. However, there have been signs that Kuwait is finding ways to make progress on projects in its oil and gas sector, despite the ongoing pandemic. The sector is likely to witness some activity in 1Q21 with about KD 390 million in planned project awards, a large portion of which is contingent on Kuwait Oil Company's (KOC) Jurassic Non-Associated Phase 2: Off-plot & Production Facilities, valued at KD 270 million. In addition, several smaller scale projects are in the pipeline for



2021, including KOC's Enhancement of Booster Stations (KD 72 million), now planned for 3Q21 (previously 1Q21).

Kuwait's chemical sector has seen little activity in recent years. However, with the upcoming Kuwait Integrated Petroleum Industries Company (KIPIIC) - Al Zour Petrochemical Complex project (KD 2.85 billion), the sector is poised to see some highly anticipated movement in early 2022. Further delays cannot be ruled out, though.

## CBK bonds and related Tawarruq

**KUWAIT:** The Central Bank of Kuwait (CBK) announced the most recent issues of CBK bonds and related Tawarruq at a total value of KD 240 million for three months with rate of return 1.125 percent.

## Celebrate Valentine's Day with Joyalukkas 'Be Mine Heart to Heart' collection

**KUWAIT:** This Valentine's Day, open up your heart and express your love with a gift as unique as her with Joyalukkas Be Mine Heart to Heart Collection. The limited-edition collection features an exciting range of intimate heart-themed jewelry including pendants, rings, earrings and bracelets in diamonds and gold.

The 2021 collection is modeled on the latest design trends and is a fine blend of creativity and craftsmanship. The elegant collection is young, stylish and perfect for every occasion. To make it all the more special, Joyalukkas has announced exciting offers on every purchase including free gold coins and exchange offers.

John Paul Alukkas, MD, Joyalukkas International operations, launched the collection and quoted during the occasion, "Last year, we all learned the need for loved ones more than ever. It was love that saw us sail through the difficult period. It's time to return the love with a gift that her heart desires. I invite everyone to explore our all-new Be Mine Heart to Heart 2021 Collection and express your love with all your heart. I wish everyone a Happy Valentine's Day."

During the promotion period, customers will be rewarded with a free 1-gram Gold Coin on purchase of Diamond, Polki and Pearl Jewelry worth KWD 250. Customers can also sell or exchange their old gold jewelry purchased from any jeweler for cash or brand new jewelry by Joyalukkas. The offers are valid from 3rd February to 15th February 2021 across all Joyalukkas showrooms.

BE MINE  
Heart to heart collection  
Joyalukkas

## Gulf Bank introduces 'Samsung Pay' digital wallet service

**KUWAIT:** As part of its commitment to drive innovation and advance customer satisfaction, Gulf Bank has launched "Samsung Pay", a new payment method that enables credit, debit and prepaid cardholders to pay using their Samsung devices, including smartphones and smartwatches. The mobile payment and digital wallet service works using Gulf Bank's Tap & Pay contactless payment technology, making the shopping experience much more convenient and secure for customers.

In conjunction with the launch of the Samsung Pay service, Gulf Bank is also offering customers 10 percent cashback on all restaurants and coffee shops in Kuwait when customers make payment with their Credit or Prepaid Card using Samsung Pay from February 01, 2021 to March 31, 2021.

Samsung Pay is backed by Mastercard's advanced Tokenization platform, offering users higher transaction security and greater transparency while making purchases. The technology replaces sensitive cardholder information with an

## ABK partners with Behbehani Watch World

**KUWAIT:** Al-Ahli Bank of Kuwait (ABK) in partnership with Behbehani Watch World are offering all ABK Credit and Prepaid cardholders a 30 percent discount on selected brands. The brands include: Tissot, Luminor, Anonimo, Roamer, Raymond Weil, Silvana, Rapport London, Louis Erard, Cyrus, Balmain, Mido, Certina, Glycine, Graf von Faber-Castell and Swiss Military Hanowa. The offer is valid until 28th February, 2021, in stores located at the Avenues Mall, 360 Mall, Jahra Mall and Souk Al-Mubarakiya.

Alongside this offer, any spend on credit cards automatically earns Skeywards Miles on Emirates Air Miles. ABK has a number of rewards and discounts for its cardholders.

## China launches carbon emissions trading scheme

**BEIJING:** China launched a carbon trading system yesterday designed to drive down emissions, as the world's biggest polluter takes steps towards decarbonizing its economy by 2060.

The scheme lets provincial governments set pollution caps for big-power businesses for the first time and allows firms to buy the right to pollute from others with a lower carbon footprint. The program, initially set to launch in 2017, is expected to drive down overall emissions by making it more costly for power companies to pollute.

alternate card number or token that is used by the payment device and merchant, reducing the possibility of fraud. Introduced recently, Mastercard's MDES for Merchants (M4M) offering also protects the interests of merchants, as shopping goes increasingly digital and more businesses tap into e-commerce potential.

Ahmad Al-Amir, Assistant General Manager of Corporate Communications at Gulf Bank, said: "Now more than ever, we are looking to introduce banking services that prioritize convenience and speed, without compromising security. We are proud to launch the Samsung Pay digital wallet service, which will allow our customers to pay for purchases in-store and at points of sale using their Samsung smartphones and smartwatches. With this new service, customers can pay for their purchases at any store in Kuwait or abroad using only their mobile phones or smartwatches and complete their shopping experiences with more ease and security than ever before."

Mohamed Debbagh, Director, Country Business Development, Kuwait, Mastercard added, "The COVID-19 pandemic has highlighted the importance of contactless and accelerated the shift towards digital across various industries. Mastercard has been at the forefront of integrating issuers' cards with popular mobile wallet services and as banks look to expedite their digital transfor-

mation efforts, we're in a unique position to leverage our expertise in technology and act as an enabler for products that can assure consumers of both convenience and security at the same time."

Samsung Pay is available at most local stores and points-of-sale that accept contactless payments or operate Tap & Pay technology, offering increased security by relieving customers of the need to carry cash or their bank cards.

To activate Samsung Pay, customers can start by adding their Gulf Bank card details on the Samsung Pay application, available for download on Samsung smartphones. To pay using a Samsung smartphone, the user can launch the application, enter their password, and wave their phone over the point of sale terminal equipped with contactless payment technology. In order to launch Samsung Pay on a smartwatch, customers must press and hold the "Back" key, rotate the bezel to select the "Add Card" option, then follow the instructions that appear on the screen.



Ahmad Al-Amir



The system is expected to eclipse that of the European Union to become the world's largest emissions trading scheme (ETS). Official news agency Xinhua said rules for carbon emissions trading management came into effect yesterday. It reported that more than 2,200 power firms across the country—which emit over 26,000 tons of greenhouse gases a year—could now trade their emission quotas.

Beijing has pledged to peak emissions before 2030 and become carbon neutral 30 years later.

The ETS launches, however, as experts warn China is actually expanding its coal production—and after plans to curb emissions from seven other industries were pared back. "China is pursuing ambitious build-up of zero-carbon energy and has set a long term goal to be carbon neutral (but) the carbon market in its current form just isn't going to play much of a role in realizing these ambitions,"

Lauri Myllyvirta, a lead analyst at the Centre for Research on Energy and Clean Air, told AFP.

"It could become an important tool in the future, and very fast, if the government decides to give it teeth." Around 60 percent of power in China is still provided by coal, and its powerful industry lobby is expected to press hard for favorable carbon caps.

Zhang Jianyu, vice-president of the NGO Environmental Defense Fund China, warned the penalties for companies exceeding the emissions quota are also "too low to act as a deterrent".

China's greenhouse gas emissions in 2019 were estimated at 13.92 billion tons—about 29 percent of the world's total. New coal projects have also surged despite the pledge to drive down emissions. Li Shuo, an energy expert at Greenpeace China, said that coal production is edging back to the levels seen between 2012–2014 when emissions peaked. —AFP