

KPC's proposed financial plan to create disastrous scenarios

'KPC will be forced to cancel some contracts'

KUWAIT CITY, Oct 12: The scenarios proposed by the Public Debt Committee concerning the Kuwait Petroleum Corporation's financing plan, which include reducing the capital spending of the corporation and its subsidiary companies, and increasing its implementation range beyond five years, will have disastrous results, reports Al-Anba daily quoting informed sources.

They clarified that this is because the volume of capital spending in all of the presented scenarios is not sufficient to cover the expenditures for the capital program that has been committed by the corporation. This will result in the cancellation and postponement of the projects that were approved by the Supreme Petroleum Council, intended for implementation, and linked to

the achievement of strategic objectives for the oil sector.

The sources explained that the share of the exploration and production of crude oil and natural gas inside Kuwait by the Kuwait Oil Company (KOC) from the volume of the capital agreement during the five-year plan, according to the scenarios presented by the representatives of the Public Debt Management Committee, amounts to KD four billion. This is much less than the capital spending required to maintain production levels. The current crude oil production of 2.8 million barrels per day, which is estimated to be worth KD 11 billion, will drop to 1.8 million barrels per day at the end of the five-year plan.

The sources said the decline in Kuwait's production levels to low levels will have negative impacts and lead to huge losses resulting from the cancellation of major projects. This will also lead to losses of expected returns from operating those projects, and consequently diminish the profits that the company transfers to the state, as well as

shake the confidence of foreign investors in the Kuwaiti market. This will increase the need to hedge them in the future to participate in oil projects, which means the loss of competent and experienced contractors to develop future projects. They revealed that the repercussions of reduced spending does not stop at this point, but would continue to enter the spiral of judicial, commercial and financial claims as a result of the damages incurred by contractors. Additional costs resulting from preserving and storing equipment for capital programs, which will be completed in the future, will be incurred.

The sources stressed that most of the capital projects are in the field of exploration and production of crude oil inside Kuwait, which have been committed to drilling contracts or detailed engineering, supply and construction contracts. It would be difficult to change the method of payment and to extend them to 12-16 years. The contracts that have been committed, especially with major capital, are in the advanced stages of implementation and are expected to operate within a year or two at most.

They indicated that these programs will contribute to maintaining the increase in production levels and refining capabilities of the corporation. However, the failure of the corporation to fulfill its obligations towards contractors will result in a decrease in the state's oil revenues equivalent to KD 20.4 billion during the period of the five-year plan and the inability to provide the necessary quantities of oil required for refining projects inside Kuwait. This particularly concerns Al-Zour Refinery, which will require the corporation to import fuel and liquefied gas in order for it to be able to meet the needs of the Ministry of Electricity and Water to generate electricity. This will negatively affect the state budget.

Cancellation

The sources revealed that KPC will be forced to cancel some contracts for the sale of crude oil with a number of customers who are linked to Kuwait by a group of common interests, due to the low levels of production, which will impact Kuwait's global reputation.

They explained that KPC raised a number of observations during the meetings, namely the assumptions presented by the Public Debt Management Committee are based on assumptions that differ completely from KPC's capital and operational assumptions, which fall within the core of the work of the KPC that is the body of jurisdiction. Examples are not limited to crude oil and natural gas prices, profit margins, production costs, rates of exchange on capital programs that have been developed by KPC based on extensive studies and in coordination with international consultants specialized in this field, including operational plans for the operations and projects of subsidiaries. Therefore, it is difficult to compare results of the Public Debt Management Committee with the results provided by KPC.

The sources went on to explain that KPC held many meetings before obtaining the approval of the Council of Ministers to proceed with the borrowing plan. It provided all the information that was requested by the representatives of the Public Debt Management Committee, on the basis of which the committee submitted its recommendations to the Council of Ministers. The Council of Ministers in turn issued its approval to KPC to move forward with its financing plan. Therefore, KPC believes that the current stage must focus on the procedures for implementing the plan and ensuring its success, in light of the fact that the institution is in dire need of dealing with the expected deficit in the disclosure of the corporation's cash flows. The time factor is an important factor for the implementation of the financing plan to meet the needs and obligations of KPC.

The scenarios proposed by the representatives of the Public Debt Management Committee were based on the assumption of reducing the capital spending of KPC and its subsidiary companies, and increasing the time period of spending to reach a minimum of 12 years. This is considered as not applicable because of its serious negative effects on the production rates and the fact that it is not in line with the strategic directions approved by the Supreme Petroleum Council.

According to the plan of KPC (basic case), capital spending amounts to KD 27.7 billion for a five-year spending period, and the percentage of bonds out of the total financing plan is 50 percent. The profits due are estimated at KD 8.4 billion to be paid within five years except for the 2013/2014 profits, which amount to KD 1.3 billion.

As for the future profits, it is required to keep the profits of the 2018/2019 fiscal year, provided that the payment of the profits of the coming years will start in increasing rates of 25 percent and 50 percent, 75 percent and 90 percent respectively.

The Public Debt Management Committee presented three scenarios to KPC. The first scenario is that the volume of capital spending is estimated at KD 20 billion, with a spending period of 16 years, and the profits due are KD 8 billion to be paid within five years. Also, 50 percent of the future profits are distributed to the state for a period of six years, then 40 percent with a two-year grace period.

The second scenario is that the volume of capital spending is estimated at KD 18 billion with a period of spending for 15 years and with the same accrued to future profits mentioned above in the first scenario.

As for the third scenario, the volume of capital expenditures amounts to KD 14 billion, with a period of spending for 20 years and with the same accrued to future profits mentioned above in the first and second scenarios.



Indian Minister Pradhan (2nd from left) calls on HH the Amir. At left is India's Ambassador to Kuwait, Sibi George.

Pradhan offers condolences

Indian minister calls on HH Amir

By Paul Francis X. Fernandes
Arab Times Staff

KUWAIT CITY, Oct 12: The visiting India's Minister of Petroleum & Natural Gas, and Steel, Dharmendra Pradhan today called on HH the Amir of Kuwait Sheikh Nawaf Al-Ahmed Al-Jaber Al-Sabah to offer condolences on behalf of the people and the government of India to Sheikh Nawaf Al-Ahmed Al-Jaber Al-Sabah on the sad demise of His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, the late Amir of the State of Kuwait.

The minister also delivered to HH the Amir personal messages from the President and Prime Minister of India, Ram Nath Kovind and Narendra Modi respectively, expressing condolences on the demise of the late Amir and congratulations and best wishes to HH Sheikh Nawaf Al-Ahmed Al-Jaber Al-Sabah on assuming responsibilities as the new Amir of the State of Kuwait.

Prime Minister Modi also conveyed congratulations and best wishes to His Highness Sheikh

Meshaal Al-Ahmad Al-Jaber Al-Sabah on his assumption of responsibilities as the Crown Prince of the State of Kuwait.

During the two-day visit the Indian minister also met Dr Khaled Ali Al-Fadhel, Kuwait's Minister of Oil and Minister of Electricity and Water, to discuss wide ranging issues encompassing bilateral relations and specifically the potential opportunities for enhancing bilateral cooperation in the energy domain.

Minister Pradhan invited Al-Fadhel to invest in India and be a part of India's growth story and discussed how to enhance "our energy partnership, including two-way investments in the oil and gas sectors."

Before his arrival in Kuwait Sunday, the Indian minister had said he was looking forward to meeting the new leadership of Kuwait to further strengthen the multi-faceted India-Kuwait ties and take forward "our historic relationship" in diverse areas.

The minister also paid a visit to the Embassy of India in Kuwait and paid floral tributes to Mahatma Gandhi.



The KPFA delegation members reciting prayers at the grave of HH the late Amir.

Pakistani team from KPFA visits HH late Amir's grave

Delegation of Pakistani community from Kuwait Pakistan Friendship Association recite prayers at the grave of Kuwait's late Amir His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah at the Sulaibikhat cemetery.

'Fifteen vehicles to be cleared every five minutes at Nuwaiseeb border crossing'

KUWAIT CITY, Oct 12: While Nuwaiseeb border crossing continues to witness severe traffic congestion of vehicles entering the country from the Kingdom of Saudi Arabia, the port's administration has been mobilized to facilitate a smooth entry process by clearing 15 vehicles every five minutes, reports Al-Rai daily.

Director General of the General Administration of Ports, Brigadier Iyad Al-Haddad, stated that obstacles should be removed at the entry port to make it easy for incoming travelers by increasing medical personnel and security officers.

In an exclusive statement during his tour of the entry port, Brigadier Al-Haddad pointed to great preparations towards the reopening of Salmi border entry last Thursday after more than six months of closure, in addition to an agreement to increase the working hours from eight in the morning until six in the evening - in accordance with the plan activated in coordination with the Ministry of Health.

The plan or rather the mechanism will

ensure the entry of 1,200 citizens and GCC nationals and 600 truck drivers at a rate of 15 vehicles every 5 minutes via the two ports.

Brigadier Al-Haddad continued, "We have received instructions from the Council of Ministers to open the Abdali port to export goods to the Republic of Iraq, and meetings with the health authorities and customs have taken place to put the final touches towards the opening, which is expected within days but we are now in the process of coordinating the PCR certification for truck drivers, especially those on transit". The Ministry of Interior is fully prepared to act provided that the green light is given by the Ministry of Health, he noted.

"Since the beginning of the opening of the border crossings 15 days ago, we have been working at our full capacity to facilitate the movement of travelers, as about 16,000 travelers have been received at the ports (until yesterday), and adhering to the instructions of the Ministry of Health that examines travelers," he noted.

For his part, Dr Bader Al-Tarash of the Ministry of Health team supervising the screening of travelers at the entry port said, "What you see in terms of crowding and complaints from travelers is due to the high number of passengers, which made us call 13 doctors in Nuwaiseeb to examine arrivals, and at the same time, to speed up entry process of the vehicles to avoid creating more crowd".

He added a mechanism and action plan has been developed to provide more than one clinic inside the port to examine travelers, and all those entering the country must download the (Shlonak) application before entering the port, provided that the traveler has a PCR test result taken not more than 72 hours ago, and the traveller must pledge to observe the home quarantine. In case of developing symptoms, the traveller will accept to be institutionalized."

Al-Tarish concluded by saying: "There is a mechanism we follow to randomly screen one person out of every 10 people, and this procedure is currently in place to ensure that no one is affected."

ENSIYA MUSTAFA KHAMBATI Wins KD 4000 in Burgan Bank's Value Account Draw

Burgan Bank today announced ENSIYA MUSTAFA KHAMBATI as the winner of the Value Account KD 4000 draw. The winner expressed her excitement of winning the cash prize of KD 4,000.

Dedicated to offer the best in-class services, Burgan Bank's Value Account presents customers with exceptional features which were specifically designed to suit the needs of expatriates living in Kuwait. Account holders will be able to enjoy matchless benefits that include receiving a free credit card for one year, application for a loan, in addition to a chance to enter the quarterly draw to win KD 4000 as well as other discounts from selected merchant stores.

Burgan Bank will continue presenting exclusive services and draws with an aim of exceeding customers' expectations while offering them chances to win valuable cash prizes all year round.

Opening a Value account is simple, interested Individuals with salaries starting from KD 150 and above are eligible to open a Value Account. To do so, customers are required to visit their nearest Burgan Bank branch, or simply call the bank's Call Center 1804080, or log on the bank's website www.burgan.com for more information.



Sheikh Dr. Ahmad Nasser receiving Al-Hajraf.

FM receives GCC chief

Kuwait's Foreign Minister and Acting Defense Minister Sheikh Dr. Ahmad Nasser Mohammad Al-Sabah received Monday GCC Secretary General Nayef Al-Hajraf.

Latest regional and international developments were discussed during the meeting attended by a host of senior Foreign Ministry officials. (KUNA)

3rd stage to include 180 expatriates

PAHW to axe 90 expats in Jan

KUWAIT CITY, Oct 12: In continuation of the replacement policy initiated by the Public Authority for Housing Welfare (PAHW) in June, the administrative sectors have updated lists of their expatriate employees in preparation for the termination of the services of these employees within the second phase of the implementation of the decision of Public Works Minister and State Minister for Housing Affairs Dr Rana Al-Faris on the total Kuwaitization of jobs in the authority, reports Al-Jaridah daily.

Sources revealed the administrative sectors submitted the names of about 90 expatriates who will be terminated in January 2021, after the official notice period which will be served to

them early next month.

Sources pointed out that the second stage of the decision will include at least 33 percent of the total number of expatriates working at PAHW - similar to the first phase. Sources said the third and last phase will include about 180 expatriate workers and the notice period will be served to them in the beginning of April, indicating these workers will be terminated in July 2021 to achieve 100 percent Kuwaitization of jobs in the authority.

It is worth mentioning that Al-Faris ended the services of 135 expatriates in June - out of about 400 foreign workers; excluding the children of Kuwaiti women married to non-Kuwaitis, Bedouns and service employees including drivers and messengers.

Engineering specialties at KU building

PAHW completes re-examination of applicants for vacant positions

KUWAIT CITY, Oct 12: Public Authority for Housing Welfare has completed the re-examination of applicants for vacant positions in a number of engineering specialties at the Kuwait University building in Shadadiya area after postponing the exam last week due to inability to complete the university's automated examination system in time, reports Al-Jaridah daily.

The daily quoting sources said the number of applicants for vacant engineering positions is 1,017, indicating the Minister of Public Works and Minister of Housing Welfare, Dr Rana Al-Faris, gave instructions to accept the largest possible number of national cadres in this batch, in line with the recent decision of Kuwaitization and filling vacancies in the institution.

The sources added that Kuwait University will provide housing welfare authority with the results at the end of the week, in preparation

for individual interviews for those who successfully passed the test and have been accepted.

The same sources stated that head of selection and appointment department, Dalal Al-Shaybi, was a representative of the Public Authority for Housing Welfare following up the tests of engineers applying for jobs to provide them the necessary facilities, noting the engineering specializations for vacant positions in the institution were mechanical, architectural, civil, electrical, computer, communications or networks.

They added the university was keen on applying physical spacing for all applicants in several halls, confirming the sterilization of halls and taking necessary precautions before entering the exam hall. This includes the provision of sanitizers to protect the applicants; stressing that invigilators should wear face masks.