

GULF REGION

MARKET BACKGROUND

&

LIST OF MAJOR PROJECTS

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GULF REGION – MARKET BACKGROUND

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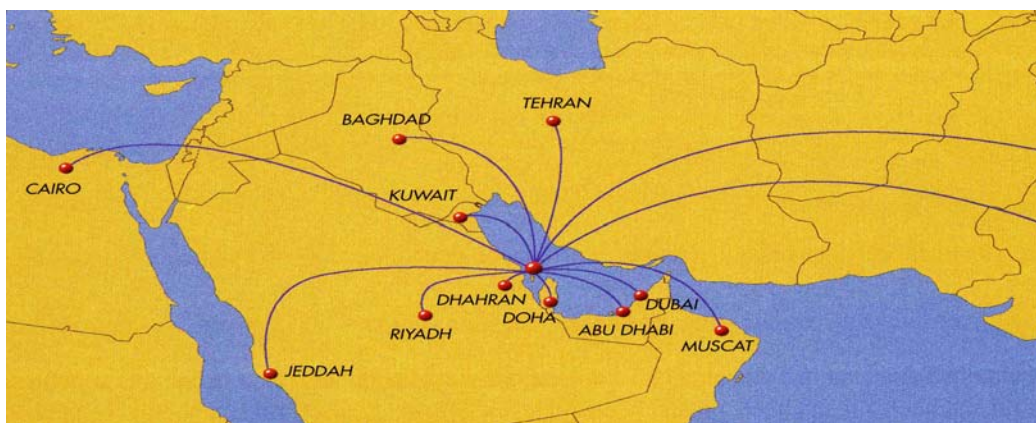
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GULF REGION – MARKET BACKGROUND

1. LOCATION AND POPULATION

The Gulf region, located between Europe and the Indian sub-continent, remains a strategically important area of the world with over 65% of the world's oil reserves. The main trading block in the region is the Gulf Co-operation Council ("GCC") comprising Saudi Arabia, The United Arab Emirates ("UAE"), Bahrain, Kuwait, Oman and Qatar. Although not as firmly integrated as the European Union, there is now a common import tariff (generally 5%) and plans to introduce a common currency by 2010. (It is likely this will be linked to the US dollar as most GCC currencies currently are). To the north of the Gulf are Egypt, Jordan and Lebanon, where there are large scale developments to house the increasing population along with substantial investments going into infrastructure. Across the Arabian Sea are Iran and the Indian sub-continent. All these areas have enormous commercial potential and they all trade with the GCC states.

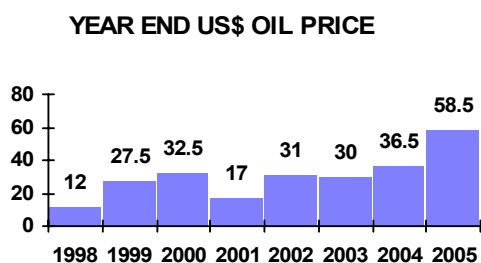


The Gulf region has one of the fastest growing population rates in the world. The high birth rate, coupled with the wealth resulting from the oil reserves and now the large scale gas production, has created a dynamic high growth economy in the region. The population is forecast to grow from the current level of 134 million to 187 million by the year 2025 and then to 237 million by 2050. With the continuing integration of countries within the GCC and the trading opportunities in the region, this will create a market that will rank alongside the European Union, the US and Japan.

POPULATION	1970	2005	2025	2050	Annual %
000s	Actual	Actual	Forecast	Forecast	2005-2025
Saudi Arabia	5,800	24,573	37,160	49,464	2.1%
UAE	200	4,618	6,875	9,302	2.0%
Kuwait	800	2,589	4,610	7,039	2.9%
Bahrain	200	731	965	1,155	1.4%
Qatar	100	768	1,027	1,103	1.5%
Oman	700	2,436	2,984	3,662	1.0%
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GCC States	7,800	35,715	53,621	71,725	2.1%
Iraq	9,500	69,515	89,042	101,944	1.2%
Iran	28,700	28,807	44,664	63,393	2.2%
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Gulf Region	46,000	134,037	187,327	237,062	1.7 %
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GULF REGION – MARKET BACKGROUND

2. TRADING BACKGROUND



Trade with the Gulf has been largely dictated by the oil price. Broadly, an additional one US dollar on the price of a barrel of oil increases the revenues of the Gulf States by about US\$5 billion. In 1998 the price fell, at one point, to US\$11 per barrel. Since then, despite the normal ups and downs, the oil price has followed a general upward trend and

now stands at just below \$60 per barrel. Based on the average annual oil price, the oil revenues of the Gulf States for 2005 will approach US\$240 billion. If the oil price stays at the current level, and this would seem to be a reasonable assumption given the increasing demands from China and India, then this figure will increase to about US\$300 billion in 2006.

In addition to the oil reserves, 38.7% of the world's proven gas reserves are located in the Gulf region. Production from these gas fields is beginning to increase, particularly in Qatar, and this will add another significant revenue stream.

On top of the oil and gas revenues, there has been a significant increase in cash flows into the region with the increased opportunities for Arab investment in the region. This is occurring particularly in the hospitality sector. There is massive investment underway in hotels and shopping malls across the region which is responding to the increase in tourism. The wealth being generated is also increasing immigration and this in turn provides opportunities for investment in the residential and commercial sectors.

The GCC has a GDP of US\$414 billion (being just over 1% of world GDP (US\$40,866 billion). However, some of the highest Per Capita GDP's in the world can be found in these countries, particularly Qatar, the UAE and Kuwait.

COUNTRY	GDP (US\$ billion)	GDP Per Capita (US\$)	2004 GROWTH %	2005 GROWTH % (estimates)
Saudi Arabia	250.5	11,065	5.3	8.7
UAE	70.9	23,968	7.4	4.5
Kuwait	41.7	19,559	7.2	4.9
Bahrain	9.6	14,177	5.5	5.0
Qatar	20.4	37,610	12.0	6.0
Oman	21.4	10,436	2.5	3.6

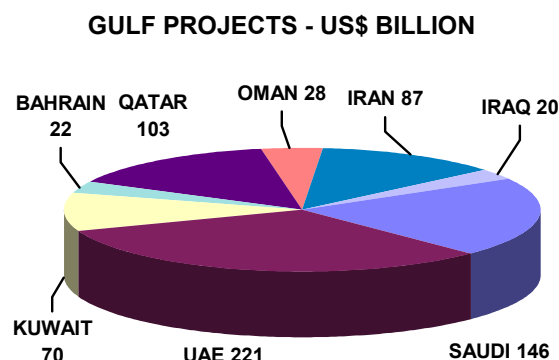
GDP growth will probably be revised upwards for 2005, primarily as a result of the continuing high oil price and high level of investment in the construction sector.

According to a recent UN conference on Trade and Development, the GCC States attracted US\$1.8 billion of Foreign Development Investment in 2003. This will increase significantly in 2004 and 2005 due to the opportunities in the region, the relaxation of trade barriers and the improved governance being implemented by The new International Financial Centres in Bahrain, Qatar and Dubai.

GULF REGION – MARKET BACKGROUND

3. THE GULF CONSTRUCTION SECTOR

A recent report issued by Meed Projects has indicated that there are currently 1,400 on going projects in the Gulf region with a value in the region of US\$697 billion. It is estimated that this total is increasing at a rate of US\$4 billion per week as new projects are announced. As a result of this, the construction sector will remain very buoyant. Bahrain, Saudi Arabia, Qatar and Oman account for US\$341 billion (49%) of these projects.



The total construction spend in the GCC, Iran and Iraq is currently running at US\$294 billion.

Construction in Saudi Arabia has achieved growth rates of 8% in 2003 and 9% in 2004 and it is expected to be above 10% in 2005. US\$70 billion was invested by the Government in 2004 in general infrastructure (roads, electricity, hospitals, universities etc.) as well as in industrial infrastructure and tourism. Projects worth US\$624 billion are to be launched in Saudi Arabia in the next fifteen years.

Other factors pointing to the buoyant level of the construction sector are consumption of cement. In Saudi Arabia this has been increasing at about 10% per annum in the last two years (now at 25.1 million tonnes). The upward trends can also be determined from a review of selected imports of construction related materials into the GCC. These again demonstrate the rapid increase in imports required to feed the construction sector (a 37% increase in 2003 followed by a 30% increase in 2004) and also the pre-eminent position of Dubai and the UAE (42% of all imports of iron, steel and copper).

IMPORTS	IRON & STEEL	COPPER	YEAR	YEAR	YEAR
US\$ millions			2004	2003	2002
DUBAI	2,192	311	2,503	1,460	1,045
ABU DHABI	1,080	42	1,122	1,180	810
SHARJAH	131	8	139	107	84
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UAE	3,403	361	3,764	2,747	1,939
SAUDI	2,585	396	2,981	2,592	1,965
KUWAIT	293	13	306	205	178
BAHRAIN	266	12	278	186	162
QATAR	644	18	662	644	399
OMAN	782	102	884	435	340
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GCC TOTAL	7,973	902	8,875	6,809	4,983
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BAHRAIN - MAJOR PROJECTS

- **\$544 million Salam Beach Resort and Spa Bahrain:** Dubai International Properties (DIP) plans to build the beach resort and spa to be located on Bahrain's south-west side. It will sprawl over a site that is approximately 500,000 sq m in size and will include a five-star deluxe hotel, traditional suq, hotel villas and spa, marina and wellness centre. The project is to be completed in March 2009.
- **New Northern Town:** The Works and Housing Ministry has recently awarded a \$176 million contract for the first and second phases of dredging and reclamation work for Bahrain's new mega Northern Town to Boskalis Westminster Middle East. The new Northern Town will include more than 15,000 homes.
- **Al Essel Power & Water project:** Work is under way on Bahrain's first independent water and power plant in Hidd.
- **Abraj Al Lulu residential project:** Construction work is under way on this \$252 residential tower in the heart of Manama. The project covers an area of 200,000 sq ft and will comprise three multi-storey luxury residential towers, which are expected to be completed by 2007.
- **\$144m aluminium investment:** The UN Industrial Development Organisation (Unido) has called on investors to back 16 aluminium projects valued at \$144 million. Kuwait Finance House (KFH) has already selected 11 of the projects for financial investment as a local partner.
- **\$1.5 billion Bahrain Financial Harbour:** The project, which is expected to be the financial capital of the region – is fast taking shape in central Manama. Covering a 380,000 sq m area including a series of interconnecting islands formed on reclaimed land, the private-sector-led development will offer residential, commercial and office area and retail, dining and leisure space.
- **The \$2 billion Bahrain-Qatar causeway:** The 40-km causeway linking Bahrain to the northwestern coast of Qatar has just received the official go-ahead. Expected to be the longest bridge of its kind in the world, it is expected to take four years to complete.



BAHRAIN - MAJOR PROJECTS (continued)

- **\$332 million expansion of Bahrain International Airport:** This latest expansion will enable the airport to receive the new 500-passenger A380 super-jumbo jets when it is completed in the next three years. The project will include extension of the passenger terminal to include an additional 10 aircraft parking stands and eight air-bridges; a multi-storey car park/retail and office complex.

- **Bahrain World Trade Centre:** Work is well under way on this \$150 million complex in the heart of Manama adjacent to the Sheraton Hotel. Standing at more than 240 m in height, the spectacular twin towers are expected to be the tallest in Bahrain when completed in June 2006.




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- **\$1 billion Durrat Al Bahrain resort** – Bridge construction work is under way to link the various islands at this 20 sq km resort city being developed to the southeast of Bahrain. The project comprises 13 different peal and atoll-shaped islands, with about 2,000 villas, 2,000 apartments, luxury hotels, restaurants, marina, and an 18-hole golf course. Work on the development is scheduled for completion in 2008.



- **\$320 million City Centre:** Work has started on this mega shopping mall being developed by Al Futtaim Investments in Seef. The complex will include a 20-screen, 3,600-seat cinema complex - the largest of its kind in the region. The project also includes one five-star hotel and a four-star hotel with a total of 600 rooms.

BAHRAIN - MAJOR PROJECTS (continued)

- **\$750 million Al Areen Desert Spa and Resort:** This mixed-use project encompasses a unique spa resort, themed residential communities, hotels, a water park as well as commercial and entertainment facilities.
- **\$1 billion Amwaj Islands:** This group of man-made islands less than 2 km off the coast of Muharraq will offer a combination of world-class residential neighbourhoods, commercial districts and spectacular resorts over an area of 30 million sq ft. 
- **Khalifa bin Salman Port in Hidd:** Work is set to move ahead on the \$70 million-plus infrastructure works on the 110-hectare port following the completion of the \$209 million reclamation, dredging and harbour wall construction contract.
- **Lube base oil refinery:** Bahrain Petroleum Company (Bapco) and Neste of Finland are negotiating on putting in place a comprehensive joint venture (JV) agreement on the construction of a \$170 million lube base oil refinery in Bahrain.
- **\$1.5 billion petrochemical/energy complex:** This is among the major industrial ventures on the cards. A site is yet to be finalised for the complex, being promoted by Kuwait Finance House (KFH). It will have an output capacity of 1,000MW of power and 30 million gallons of water per day while simultaneously producing six key petrochemical products.

APPENDIX II

SAUDI ARABIA - MAJOR PROJECTS

- **Thumamah Park:** A massive entertainment park is taking shape about 80 km from central Riyadh. The project is expected to attract an investment of \$667 million.
- **Zam Zam Sofitel Grand Suites Hotel:** The five-star hotel is currently being built in Makkah, located 100 m from the Ka'aba. The 34-storey 1,240-suite hotel complex will include a convention centre, a shopping mall and a floor of restaurants that can seat up to 5,000.
- **\$3.46 billion industrial city at Jubail:** Jubail-II, the second industrial park in Saudi Arabia's eastern port city, is expected to provide an expansion facility for the industrialisation of Jubail and the Kingdom for the forthcoming 25-30 years and aims to attract an investment of \$34.6 billion. The new industrial city, which is to be established by the Royal Commission, is situated about three km to the west of the existing one. It will be developed in four stages, at an estimated cost of \$3.46 billion.
- **\$8 billion Makkah projects:** Saudi Arabia's Crown Prince Abdullah has given the go-ahead for massive projects worth \$8 billion) for the development of Makkah, including a plan to expand part of the Grand Mosque.
- **\$2 billion railway project:** This proposed project involves building a 950-km rail link between Riyadh and main commercial port of Jeddah on the Red Sea. This will complete the rail link between the country's east and west coasts through the existing 450-km link between Riyadh and Dammam on the Gulf coast. Another 570-km rail link is planned between Jeddah and Makkah and Madinah. The line will also extend north to Yanbu. A third 115-km railway is planned to link Dammam with the industrial city of Jubail on the Gulf coast.
- **\$2.3 billion Sharq expansion:** Saudi Arabia's Eastern Petrochemical Company (Sharq) existing petrochemicals complex at Jubail Industrial City is being expanded to include the following units: a grassroots 1,300 kilo tonnes per annum (ktpa) ethylene cracker, a 800 ktpa polyethylene plant, a 600 ktpa ethylene glycol plant and associated offsites and utilities.
- **\$2.5 billion IWPP:** Power and Water Utility Company for Jubail and Yanbu (Marafiq) has floated a SR9.3 billion (\$2.5 billion) new water and power project. In its first phase the project has a capacity to produce 2,400 MW of power and 300,000 cu m of water per day. In the second phase, the project will produce about 2,000 MW of power and about the same quantity of water.
- **\$266 million Al Shobily Grand Mall:** This commercial complex, designed to be a floating mall is being built on a 231,000 sq m site close to Al Khobar.
- **\$200 million City Fanar project:** This 3.3 million sq m waterfront is to be built along the Al Khobar-Dammam Corniche, around a 300,000 sq m manmade lagoon.

APPENDIX II

SAUDI ARABIA - MAJOR PROJECTS (continued)

- **\$1.493 billion school project:** The Ministry of Education has committed \$1.493 billion for the next one and a half years for the building of 1,140 new school projects.
- **\$1.2 billion NGL processing plant at Hawiyah:** Saudi Aramco has awarded five contracts valued at \$1.2 billion to build the world's largest NGL processing plant at Hawiyah to recover ethane and NGL from approximately 4 billion standard cu ft per day (scfpd) of sales gas. Also included in the development plan will be the expansion of the Hawiyah processing plant by 800 million cu ft per day (cfpd).
- **\$1.2 billion integrated styrene plant:** Chevron Phillips Chemical Company and Saudi Industrial Investment Group (SIIG) are to jointly construct an integrated styrene facility and expand an adjacent aromatics plant in Jubail.
- **\$1.189 billion GCC power grid - First phase:** Work is expected to start this September to interconnect countries of the northern Gulf - Kuwait, Saudi Arabia, Bahrain and Qatar.
- **\$3.19 billion Jabal Omar project:** This residential tower project on the western side of the mosque in Makkah. Involves erect new residential towers to accommodate 34,500 people. Spread over an area of 230,000 sq m, it is one of the largest schemes aimed at developing areas surrounding the Holy Haram with five-star hotels and commercial centers. The project will have 4,500 shops and 3,000 showrooms, a central transport station and parking facility for 12,000 vehicles.
- **\$540 million polypropylene and propane dehydrogenation plant in Jubail:** Sahara Petrochemical Company has planned a \$540 million polypropylene (PP) and propane dehydrogenation (PDH) plant in Jubail.
- **\$400 million interior design package for Holiday Inn Express hotels:** UK-based Interior Motives has been awarded the interior design package for the \$400 million Holiday Inn Express hotels across the Gulf countries. Bids are due for design up to 36 new Holiday Inn Express hotels in region of which 14 will be located in Saudi Arabia.
- **\$240 million clinker plant in Southern Province:** Southern Province Cement Company (SPCC) is constructing of a clinker plant at Al-Majardah, north of Abha. The project calls for the construction of a complete clinker plant with a capacity of 5,000 tonnes per day (tpd). The contract also involves the construction of a 56 MW diesel-fuelled captive power plant, a reverse osmosis (RO) desalination unit and sewage treatment and related facilities.
- **\$200 million real estate project:** Jowharat Al Babtain Holding Group is to develop a real estate project is estimated to cost SR750 million (\$200 million) near the King Abdulaziz Square in Jeddah.

APPENDIX II

SAUDI ARABIA - MAJOR PROJECTS (continued)

- **\$186.6 million tyre factory in Jubail:** This Saudi-Iranian factory, considered first of its kind in Saudi Arabia, will have an annual capacity to manufacture 25,000 tonnes of tyres for cars, buses, trucks and agricultural equipment. It will be built in Jubail on a 300,000 sq m area.
- **\$160 million fun city for women and children:** This proposed fun city for women and children in the Eastern Province will include modern recreational facilities and will comprise chalets, restaurants, swimming pools, sports clubs, various fun games and other tourist facilities.
- **\$150 million Hassad Petrochemical Company expansion:** Saudi-based Arabian Industrial Development Company (Nama) has awarded the main for the third stage of its petrochemical complex project to be located at the site of Nama's subsidiary, Jubail Chemical Industries Company (Jana).
- **Khursaniyah Oil and Gas Program:** Saudi Aramco has signed landmark contracts with the world's leading engineering and construction firms for the Khursaniyah Oil and Gas Program which involves developing oil and gas production facilities for the onshore Abu Hadriya, Fadhili and Khursaniyah oil fields near Jubail.
- **\$275.9 million project at Makkah:** Al Salam Group/Aqar Holding Company has awarded Al Mabani Company the \$275.9 million Al Shurfah Project. The project overlooks the courtyard of the Holy Mosque in Makkah.
- **Cogeneration and desalination plant in Rabigh:** A consortium led by Japan's Marubeni Corporation has recently signed a 25-year BOOT agreement for plants to produce desalinated water, electrical power and steam for Rabigh Refining and Petrochemical Company (Petro-Rabigh) with Saudi Aramco. The project will be capable of generating a combined 360 MW of electrical power, 1,245 tonnes of steam per hour, and 5,580 tonnes of desalinated water.

APPENDIX III

QATAR - MAJOR PROJECTS

- **\$5.5 billion New Doha International Airport (NDIA):** This major greenfield project, which broke ground early this year, has been masterplanned to eventually cater to 50 million passengers a year. Dredging work is now under way on the project, the first phase of which is expected to be completed in 2009 to accommodate 12 million passengers a year.
- **Education City:** Work on this 10 million sq m multi-institutional campus is being implemented in phases. The promoter Qatar Foundation for Education, Science, & Community Development (QF) is now building a major accommodation complex while other projects include a 7,000- seat convention centre and a college of engineering; a \$900 million 350-bed medical care and research centre at the city.
- **Qatar Financial Centre:** Qatar has announced plans to establish a new financial centre in Doha based on a different model to other regional financial centres in neighbouring Bahrain and Dubai.
- **\$600 million Hamad Medical City:** This mega complex will initially serve as the athletes' village for the 2006 Doha Asian Games in December 2006 and then be transformed to become an advanced medical complex.
- **The \$2.5 billion Qatar-Pearl project:** This US\$2.5 billion man-made island is a four phase mixed use development comprising 10 districts which will have 8,000 beachfront villas, town houses and apartments, housing up to 30,000 people. The island will also have 5 star hotels, marinas and schools as well as retail and restaurant outlets.



The project is well under way, having commenced in April 2004, and the satellite picture above (right) shows the current state of development while the picture on the left above provides an artists impression of how The Pearl will look upon completion in 2009.

APPENDIX III

QATAR - MAJOR PROJECTS (continued)

- **\$260m Qatar desal deal:** Italian construction group Impregilo said its Fisia Italimpianti unit had won a \$260-million contract to build a desalination plant in Qatar.
- **\$330 million Doha City Centre expansion:** Qatar's leading shopping complex is being expanded with the construction of four towers ranging in height from 24 to 35 storeys, which will house retail units and four hotels.
- **Mega road projects** - Dukhan highway upgrade project, the North Road project and the Doha Expressway – part of long-awaited primary routes scheme are expected to get the green light shortly.
- **A \$205 million new port and free trade zone.** This is planned to be built over a 500-hectare reclaimed site near the existing port of Doha, east of the Doha International Airport.
- **A \$3 billion aluminium smelter:** To be set up in a joint venture between Qatar Petroleum (QP) and Norsk Hydro of Norway, this proposed aluminium smelter - which will initially have a capacity of 570,000 tonnes per year (tpy) - is likely to be expanded even further to double its capacity later to 1.2 million.
- **\$12.8 billion Qatargas II LNG project,** which will position Qatar as the LNG capital of the world. The project will see the construction of the world's two largest LNG trains, each producing 7.7 million tonnes per year. The facility is scheduled for start-up by 2008.
- **\$8 billion Qatargas IV project:** QP and Shell are to jointly develop Qatargas IV, a large-scale LNG project located in Ras Laffan City. It comprises the integrated development of upstream gas production facilities to produce 1.4 bcf/d of gas including substantial quantities of associated liquids from Qatar's North Field, a single LNG train, yielding about 7.8 million tpy of LNG for a period of 25 years.
- **\$800 million Qatar Fuel Additives Company (Qafac) expansion:** Qafac is planning an expansion of its facility at Mesaieed, which calls for the installation of 6,750 tonnes per day of methanol capacity and 1,000 tpd of ammonia capacity.
- **JGC to build world's biggest GTL plant in Qatar:** Japan's top energy contractor JGC Corp said it had received an order from Shell to build the world's biggest gas-to-liquid plant in Qatar.
- **Qatar plans new refinery:** Qatar plans a new 200,000 barrels per day oil refinery to run on Al Shaheen crude to be running by 2010.

APPENDIX III

QATAR - MAJOR PROJECTS (continued)

- **\$400 million Qatar Steel Company (Qasco) expansion:** Qasco has launched an expansion of its Messaied plant involving the construction of a new 1.2 million-tpy direct reduction iron (DRI) plant, 400,000-tpy rod mill and a 500,000-tpy expansion of the existing melt shop.
- **\$800m Qatar deal for Technip:** Qatar Chemical Company (Q-Chem) has officially awarded an \$800 million contract to French oil services firm Technip to build a 1.3 million tonne per year ethylene cracker.
- **\$900 million Oryx gas-to-liquids (GTL) project:** The Middle East's first GTL project is expected to start-up at the end of this year with an initial production of 34,000 barrels per day. It is being developed jointly by Qatar Petroleum and Sasol-Chevron, a joint venture between South Africa's Sasol and ChevronTexaco.
- **Gas-to-liquids (GTL) plant:** At a cost of \$6 billion, the Anglo-Dutch oil giant Shell is developing this 140,000 barrels per day plant, which is due to come onstream in stages starting in 2009.
- **\$400 million Ras Laffan condensate refinery project:** A contract for the 146,000-bpd refinery is expected to be awarded shortly for completion in early 2007.
- **A \$2 billion pipeline** is expected to be built across Saudi Arabia's territorial waters to supply Qatari gas to Kuwait.
- **\$850 million Qatofin project:** Qatar Petrochemical Company (Qapco) and Atofin are to jointly develop a plant that will annual produce around 450,000 tonnes of linear low-density polyethylene (LLDPE). It is scheduled to go on stream in 2008.

APPENDIX IV

KUWAIT - MAJOR PROJECTS

- **KD15 billion infrastructure projects:** Kuwait has announced plans to spend KD15 billion (\$51 billion) worth of housing and infrastructure projects by the end of the decade, the public works minister said.
- **\$1.25 billion oil export facilities:** Hyundai Heavy Industries has won a \$1.25 billion order to build oil export facilities in Kuwait, which will help the country to produce and export another three million barrels of crude oil per day.
- **\$55 billion oil investment:** Kuwait Petroleum Corporation (KPC) said its long-term upstream and downstream development projects will require an investment of KD16.2 billion (\$55 billion) over the next two decades.
- **\$6 billion refinery:** Kuwait National Petroleum Company (KNPC) has planned a \$6 billion refinery to boost the nation's crude processing capacity. The new refinery, - tenders for which will go out next February - will have a processing capacity of up to 615,0000 barrels per day depending on the crude slate, and is expected to replace the aging 200,000-bpd Shuaiba refinery.
- **Major petrochemical project:** Fluor Corporation said it had signed a memorandum of understanding with a joint venture of Dow Chemical Company and Petrochemical Industries Company (PIC) to provide engineering, procurement and construction management services for the utilities and infrastructure portion of a major petrochemical project in Kuwait.
- **\$9 billion oil plan:** Kuwait's \$9 billion plan to raise output from its northern oilfields has been unanimously approved by a parliamentary committee, the head of the committee said.
- **\$1.2 billion modernisation plan:** Kuwait Oil Company (KOC) has signed a \$1.2-billion contract with South Korea's SK Engineering for modernising several oil facilities, the Kuna news agency reported. The 25-month contract covers 10 oil-gathering centres and a gas booster station, it said.
- **\$1.7 billion transport infrastructure upgrade:** Kuwait plans transportation infrastructure projects and upgrades worth more than \$4 billion over the next few years. The projects include a 36-km causeway across the Gulf from Kuwait City to Subiya costing KD400 million - KD500 million (\$1.7 billion).
- **\$8 billion construction projects:** The private construction sector in Kuwait is progressing at a rapid pace with large-scale projects worth more than \$8 billion planned or under construction in the buildings, infrastructure and residential categories.

APPENDIX IV

KUWAIT - MAJOR PROJECTS (continued)

- **New ethylene plant:** Technip has signed a deal to build an ethylene plant in Shuaiba, Kuwait. The plant, with a production capacity of 850,000 mt/year, will play an important role in Kuwait's programme to significantly increase the country's ethylene derivatives production by 2008.
- **New refineries:** Kuwait has announced plans to build a new 200-250,000 barrels per day refinery in the US, Oil Minister Shaikh Ahmad Al Fahd Al Sabah said. The emirate has also been involved in a project to build a 200-300,000 bpd refinery in China.
- **\$3.47 billion Bubiyan project:** Plans for the development of Bubiyan island are moving forward with the go-ahead given for its associated \$1.2 billion port. The 530 sq km island is to be developed into a tourism resort including hotels, chalets and recreational facilities and a causeway.
- **\$5.3 billion Subiya City:** The project – which will be built with private sector participation - involves developing a new city at Subiya to be linked to Kuwait City by a 30-km causeway across Kuwait Bay. The \$1.5 billion causeway will reduce the distance between the two sites to 26 km from 130 km.
- **\$5 billion Failaka island redevelopment:** Private investors are expected to develop this project, which aims to transform the 43 sq km historic island located 20 km northeast of Kuwait City, into one of the country's main tourism attractions.
- **Al Khiran:** Plans have been revived for Al Khiran Township, which will eventually be home to 250,000 people. In addition, a private developer is building Al Khiran Pearl City, which will offer 1,200 residential plots on 2.5 million sq m of land close to the border with Saudi Arabia.
- **Second airport:** Kuwait plans to build a second airport to handle 10 million passengers annually and a giant cargo village.
- **\$1.8 billion Arifjan residential project:** To be developed with private investment, this project will cover about 33 sq km and will comprise a total of 11,000 residential units. It will also include a commercial complex, a ministerial complex, a private and a state university, a general hospital and fuel stations.
- **\$3 billion University City:** This city to be developed over 520 hectares of land in Al Shadidiyah by Kuwait University will be completed in 10 years. It will comprise a medical campus as well as a 400-bed teaching hospital.
- **\$850 million refinery:** This 11.4 million barrels per day facility – the country's fourth refinery - is to be built in Shuaiba.

APPENDIX IV

KUWAIT - MAJOR PROJECTS (continued)

- **Olefins-2:** Construction work has started on this billion-plus-dollar, integrated petrochemical complex in Shuaiba. It will include an 850,000 tonnes per year (tpy) cracker, a 600,000 tpy ethylene glycol unit, a 450,000 tpy ethyl benzene/styrene monomer unit and an expansion of polyethylene capacity at the existing complex. Being developed by a joint venture between Dow Chemical Company and Petrochemical Industries Co (PIC) of Kuwait, the project is due for completion in 2007.
- **\$397 million ethane recovery plant:** Kuwait National Petroleum Company has awarded Hyundai a \$397 million ethane recovery contract. Completion is due in September 2007.
- **\$250 million Kuwait Business Town:** Construction work is expected start shortly to transform the emirate's downtown area of Al Mirqab into a business community with nine luxurious office towers, shopping malls and a new luxury hotel
- **\$189 million Shaikh Jaber Al Ahmed International Stadium:** Work is under way on this 60,000-seat stadium. It will comprise a soccer field and complete facilities for Olympic-standard track and field athletics. The project is scheduled to be completed by the end of 2006.
- **\$135 million Olympic Council of Asia headquarters:** Design work is in progress on this 35-storey tower, which will offer a built-up area of 65,000 sq m and include an office space and a hotel.
- **\$120 million Business City:** Design work is in progress on this 40-storey office complex to be built for the local United Real Estate Company in downtown Kuwait City.
- **Private jet terminal at Kuwait International Airport:** Jet Aviation Kuwait will construct the terminal on a build, operate, transfer (BOT) basis. Construction work on the terminal – which will accommodate 33 private planes – is to start this month on 130,000 hectares of land.
- **Hotels:** Kuwait has given the go-ahead for 16 hotel projects comprising 2,164 rooms.
- **\$155 million Heritage Village:** This major residential and entertainment complex in Kuwait City, is expected to be awarded on a BOT basis. The 20-year concession calls for the construction of theatres, cinemas, auditoriums and a cultural centre over a total area of 54,700 sq m.
- **The Avenues:** This \$185 million mixed-use development is being developed by on the fifth Ring Road in Al-Rai area. The centrepiece of the development, which will have about 200,000 sq m of built-up area, is a shopping mall.