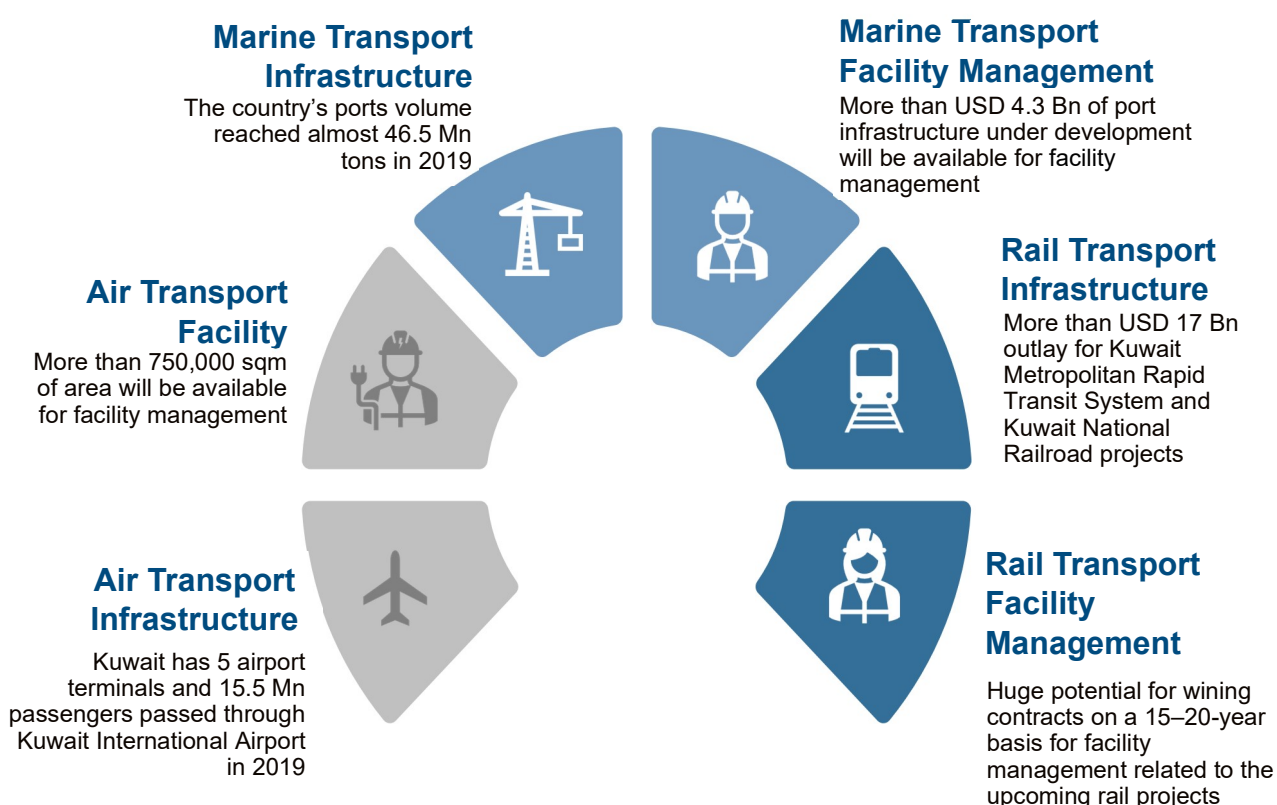


3.9 Air, Maritime and Rail Transport Sector

Sector Overview

Transport infrastructure projects in Kuwait has a very prominent position in Kuwait Vision 2035 Development Plan. The plan envisions massive outlays in billions of Kuwaiti Dinars towards the expansion and development of transport infrastructure in the country. These projects will greatly benefit the population of the country but shall also improve international trade thereby being a catalyst for economic development of Kuwait.

SUBSECTORS



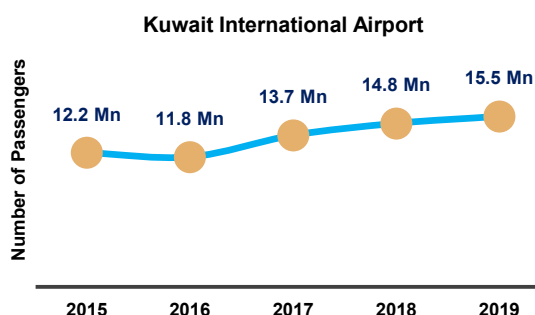
Huge opportunities for the participation of private investors in infrastructure projects, especially through the PPP model. The government actively seeks investors with international experience in developing such projects considering the lack of skills for similar projects in the country. The development of these projects will also create a massive market for facilities management when they are commissioned.

3.9.1 Air Transport Infrastructure

Air Transport Infrastructure typically includes airport terminal buildings, runways for take-off and landing, facilities to cater to passengers and maintenance needs related to aircrafts and other airport facilities.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait's annual passengers reached 15.5 Mn in 2019 as compared to 14.8 Mn in 2018 amounting to a 4.38% increase over 2018.¹



- The onset of COVID-19 pandemic in 2020 resulted in a dramatic fall in passengers because of lockdowns and travel restrictions implemented worldwide. Travel restrictions continued to be prevalent for a major part of 2021. However, the advent of vaccines to tackle COVID-19 and its administration worldwide has led to a dramatic fall in infections resulting in the lifting of travel restrictions. The gradual return to normalcy of life in Kuwait and the steady increase of the capacity of passengers at the airport will result in passengers' levels returning to pre-COVID levels.
- Kuwait International Airport (KIA) presently comprises of 5 terminal buildings, and they include the below:
 - Terminal 1 – It is the primary building at KIA and consist of 16 gates. It is the main terminal used for housing arrival and departure flights. It is approximately 190,000 sqm in area.
 - Terminal 2 - It is the upcoming new terminal of KIA. It was launched as part of Kuwait Vision 2035 Development Plan. It is spread over 750,000 sqm. It will have 28 gates, 4,500 car parking lots and a 400 room air-side hotel. The airport can handle up to 25 Mn passengers annually. The airport is currently under construction and is being developed at a total cost of USD 4.3 Bn and expected to be completed by 2024.^{2,3}
 - Terminal 3- Sheikh Saad General Aviation Terminal is used exclusively by regional airlines. This terminal is currently closed due to work on terminal 2.
 - Terminal 4 - Built in late 2018 and is used exclusively by Kuwait Airways. It covers an area of 55,000 sqm and has the capacity to handle up to 4.5 Mn passengers annually. It has a dedicated parking area of 2,400 car parking lots.
 - Terminal 5 - Built in mid-2018 and is dedicated to Kuwait's low budget airline Jazeera Airways. It covers an area of 4,750 sqm and has a 350-car parking facility.
- Terminal 2 is expected to generate approximately 15,000 jobs for Kuwaitis once it is commissioned. It is expected to be the face of Kuwait in the new era and will be utilized to boost travel and tourism to the country.⁴
- As part of Kuwait Vision 2035 Development Plan, the government has also launched the development of the eastern runway at KIA for receiving large aircrafts such as the A380 as well as adding a new control tower and bringing the latest technologies related to navigation.⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Considering the increasing number of passengers that are expected to travel through Kuwait International Airport, there are opportunities to participate in other ancillary facilities launched by the government to support the functioning of the airport such as but not limited to lounges, car hires, refreshment centers, cafes, and luxury/local retail shops.
- The new airport will be a major boost for tourism in the country and foreign investors can utilize the opportunities created by the airport for investing within the segment such as tour guiding, car rental, bus passes and meet & assist services.

Source: ¹CSB, ²MPW, ³Foster+Partners, ⁴Kuwait Times, ⁵Kuwait Vision 2035 Development Plan

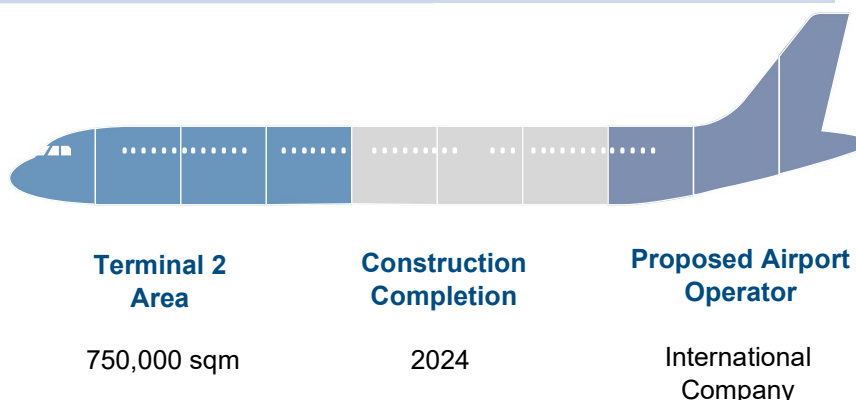


3.9.2 Air Transport Facility Management

Airport Facility Management is related to the daily management of the airport's operations including cleaning and maintenance of ground and building, security services, environmental compliance, general aviation programs and other facilities.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Companies specialized in Operation and FM of airports are often utilized by the Civil Aviation Authority for managing the airport terminals. These companies include international and local companies.



- Kuwait is constructing a new terminal building at KIA – Terminal 2. The terminal is expected to be spread over approximately 750,000 sqm of area. The airport is currently under construction and on completion, the FM of the airport is expected to be tendered to private players who are experienced in airport operations and FM.^{1, 2}
- Several airports in the GCC also outsource operations and facility management of their airports to third parties, specifically private players who specialize in this domain. Some of them include the below:

Country	Facilities
UAE	A company was recently offered a 5-year contract from Dubai Airports for FM services such as cleaning of Landside and Airside facilities, including all passengers and stakeholders' area. Terminals 1 and 2, Concourse D, Cargo and Logistics at Dubai International Airport and Dubai World Center were the areas that were covered. ³
Qatar	A company was recently awarded a 3-year contract from Qatar Aviation Authority to provide integrated facility management services. The services include Cleaning and MEP Services at Qatar Air Traffic Control Centre (QATCC). ⁴
Saudi Arabia	A leading Saudi FM company was awarded by the Saudi Authorities with a cleaning contract for Riyadh Airport. The services would cover cleaning and janitorial services for Riyadh Airport which comprises three terminals (T1, T2, and T5). ⁵
Bahrain	Bahrain Airport Company (BAC) facility management department recently tendered a contract for facility management of 3 years (Renewable for 2 years maximum). ⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Terminal 2 of KIA is expected to be ready by 2024. It was recently announced that the DGCA in Kuwait would launch a limited tender for procuring an international operator for Terminal 2. The tender encompasses a two-year training period for employees for operating the airport. It also includes reviewing all service presenters and contracts at the airport, ground services, passenger terminals and aviation operators for ensuring that all terminals operate as one system and one airport with connected facilities.⁶
- Foreign Investors with experience in airport facility management can take advantage of the above tender or other tenders that may be offered in the future on the commissioning of Terminal 2.

Source: ¹MPW, ²Kuwait Vision 2035 Development Plan, ³Airport Technology, ⁴P&S Market Research, ⁵Zawya, ⁶Kuwait Times



3.9.3 Maritime Transport Infrastructure

Maritime Transport infrastructure consists of developments on coastlines that will facilitate the inward or outward movement of vessels, cargo, and passengers.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- International trade is vital to the economy of Kuwait. While Kuwait exports millions of barrels of oil per day, it conversely imports a lot of goods to sustain the demand of the local economy.
- Kuwait is a consumeristic society, and the local economy has limited production capabilities to meet the demands of the society. Hence, importing goods is necessary to sustain the growing needs of the population.
- Kuwait's main line of trade remains the sea. Kuwait has three main ports, and their details are provided below¹:

Ports	Total Area	Total Basin Area	Total Piers	Warehouse Areas
Shuwaikh Port	4.4 m sqm	1.2 m sqm	21	Open storage – 450,000 sqm Warehouse storage – 170,000 sqm
Shuaiba Port	3.8 m sqm	1 m sqm	20	14,500 sqm
Doha Port	650,000 sqm	157,000 sqm	10	50,000 sqm

- The country's ports volume reached almost 46.5 Mn tons in 2019. The volume increased at a CAGR of 3.03% from the year 2015 when the total ports volume was only 41.3 Mn tons.²
- Kuwait Vision 2035 Development Plan envisions a substantial amount of investment to be injected into infrastructural developments. Part of the infrastructural developments include the expansion and renovation of existing ports and the development of new ports and facilities in the country. Some of the projects undertaken are included below³:

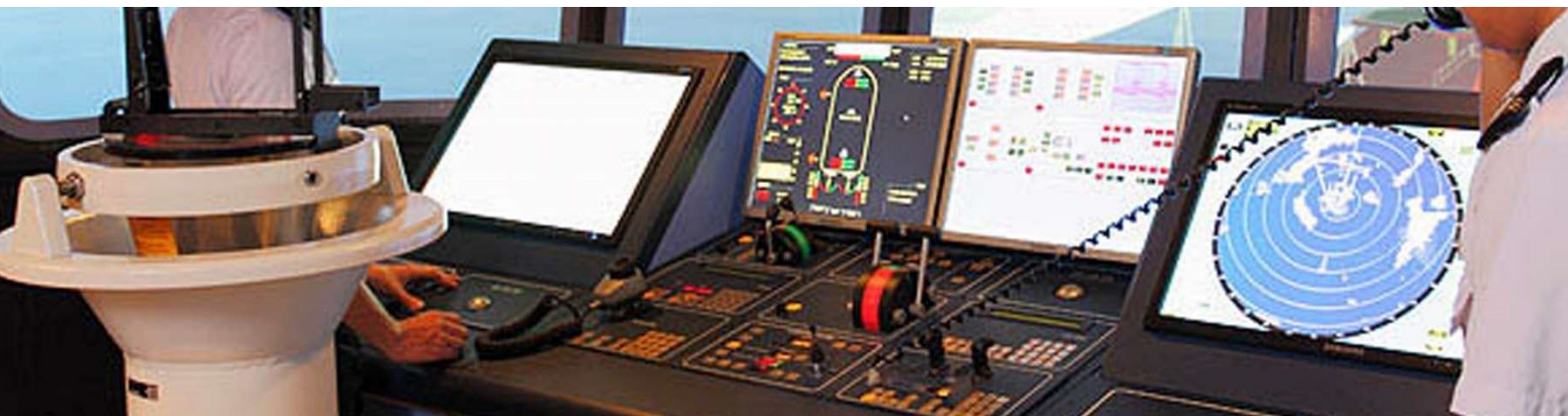
Projects	Cost	% of GDP
Development and expansion of Shuwaikh port	USD 548.2 Mn	0.46%
Development and expansion of Shuaiba port	USD 358.8 Mn	0.30%
Development and expansion of the Doha Port	USD 265.8 Mn	0.23%
Development of the new Mubarak Al Kabeer Port	USD 3,291.7 Mn	2.79%
Connecting Ports to an Integrated System	USD 6.6 Mn	0.01%
Deepening the navigation corridor between Ras Al-Ardh and Failaka Island, and deepening the island's transportation port	USD 18.6 Mn	0.02%

- Further, the development of a dry port is planned over a 1 Mn sqm area west of Shuaiba Port with a bridge linking the dry port to Shuaiba Port. Also in the pipeline is a smart port project.⁴
- Kuwait has several existing marinas including the Yacht Club, Souq Sharq Marina, Ras Al Ard Marina, Sabah Al Ahmed Sea City Marina and Marina Beach. Two additional marinas are planned called Marafi Fintas and Al Mahboula Marina which will be developed over a land area of 365,000 sqm and a 1.8 km waterfront. It will be able to accommodate 2,000 boats, 800 yachts, shops, restaurants, hotels.⁵

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The government of Kuwait is actively pursuing the development of the marine infrastructure through launching a number of mega projects.
- The new licensing of marine cafes is also expected to boost tourism in the country.
- The development of the Mubarak Al Kabeer Port along with the Dry Port and the Smart Port Project will create opportunities for international investors who specialize in designing, engineering, and constructing ports to participate in such projects.

Source: ¹CSB, ²KPA, ³Kuwait Vision 2035 Development Plan, ⁴International Shipping Agency Co., ⁵Zawya



3.9.4 Maritime Transport Facility Management

Maritime Transport facilities management is related to the daily management of the port's operations including maintenance of all wharves, piers, equipment as well as providing security services and ensuring environmental compliance.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The government of Kuwait is investing substantially in marine infrastructure as part of Kuwait Vision 2035 Development Plan. The developments include mega projects that are expected to boost international trade and contribute positively to the economic growth of the country.¹
- The vast outlay of funds approximating to more than USD 4.3 Bn towards ports infrastructure will only be viable if the ports and their facilities are maintained appropriately.¹
- Maritime assets are always exposed to very harsh environments. It is paramount that these assets are maintained with a future outlook. This will ensure that the assets function at the same capacity and capabilities.
- The Marine Transport Facilities Management sector is at a very basic stage in Kuwait. There is a scarcity in the market for specialists who are able to carry out planned and reactive maintenance of marine facilities. Marine facility management demands an operational understanding to ensure that assets are capable of achieving their intended function.

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The mega projects associated with Marine Transport Infrastructure in Kuwait provide an attractive opportunity for foreign investors to provide Marine Transport Facility Management.
- Maintenance of complex marine infrastructure will require specialized expertise for planning and execution, something that foreign investors possess and that can be used to fill gaps in the local market.

Source:¹Kuwait Vision 2035 Development Plan



3.9.5 Rail Transport Infrastructure

Rail infrastructure includes equipment's, structures and buildings that support the movement of passengers or freight on railway lines.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The Kuwaiti population is growing, and this growth is leading to the overutilization of the existing road infrastructure in the country. There were more than 2.2 million vehicles operating in Kuwait in 2019. The current road infrastructure is overstretched and is not able to cope up with the rising demands placed on it by motorists.
- Rush hours traffic, limited parking spaces, frequent accidents and pollution are some of the issues individuals in Kuwait face on a daily basis.
- In an effort to build capacity related to future needs of road transport, and considering the limitations of the existing road infrastructure, including bridges, tunnels, and other transportation alternatives, the government has proposed two projects:
 - Kuwait Metropolitan Rapid Transit (KMRT) System Project which involves the development of a metro network in Kuwait. The metro rail system will stretch for 160 kms, connect the inner cities of the country and will be serviced by 68 stations from Kuwait City to the south and north regions.

**INVESTMENT
USD 20 Bn**

The construction of the metro will be over 5 phases. It is estimated to cost around USD 20 Bn¹ and will be built on a PPP basis with the government owning 10%, private investors owning 40% and the remaining 50% being raised through an Initial Public Offer.²

- Kuwait National Railroad (KNRR) project involves the construction of a railway



**INVESTMENT
USD 10 Bn**

system that stretches over 574³ kilometers connecting Kuwait airport, seaports and other GCC countries. The project is expected to cost around USD 10 Bn and will be built on a PPP basis with the government owning 6%, private investors owning 44% and the remaining 50% being raised through an Initial Public Offer. 70% of the project's revenue is expected to be generated through freight although there are also provisions for passenger services.⁴

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- KMRT and KNRR projects are among the most strategic and important projects of Kuwait Vision 2035 Development Plan.
- The projects represent a USD 30 Bn outlay and involve development over several phases that may require multiple levels of tendering.
- The projects present opportunities to foreign investors who specialize in engineering services, construction contracting, rolling stock manufacturing, signaling & communication specialists, and equipment manufacturers. Further, it also provides opportunities for investors who specialize in green architectural solutions to participate in the projects.

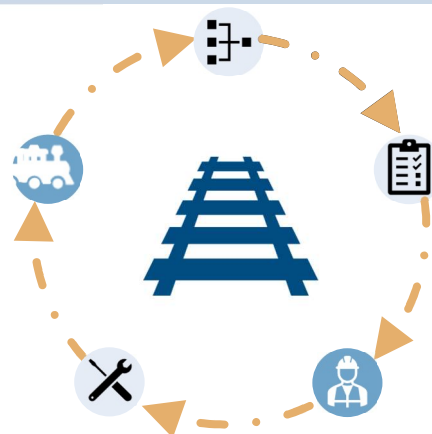
Source: ¹Railway Pro, ²Railway Technology, ³KAPP, ⁴International Railway Journal

3.9.6 Railway Facility Management Services

Railway Facility management include services that are related to the operation, management and control of rolling stock or track.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- The KMRT project and KNRR rail project in Kuwait represent mega infrastructural projects undertaken by the government in land transport in the country.
- The operation and facility management of these projects will be a priority for the government when they are commissioned. Since there are no existing railway projects in Kuwait, the local market does not have experienced companies in rail operation and facility management.
- The Railway Facility Management Services sector is very promising in Kuwait considering the fact that operation and facility management contracts are tendered by the government on a long-term basis, similar to projects in other GCC countries.
- Some of the railway facility management contracts awarded in the GCC include the below:



Country	Railways Facility Management Company Contracts
UAE	A French Japanese consortium was awarded a contract for the operation and maintenance of the Dubai Metro and the Dubai Tram. The contract was awarded on a 15-year contractual basis (9 base years and 6 renewable years) for an amount of USD 147.6 Mn per year. ¹
Saudi Arabia	Arriyadh Development Authority (ADA) had awarded a contract in 2018 for the operation and maintenance of lines 3, 4, 5 and 6 of the Riyadh Metro on a 12-year contractual basis at USD 2.91 Bn. ²
Qatar	The operations and maintenance contract for the Doha automated metro and Lusail light rail network has been awarded by Qatar Rail on a 20-year contract basis in 2017 and is estimated to be worth USD 3.39 Bn. ³

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

The completion of KMRT project and the GCC railway project will create major opportunities for Railway Facility Management in the country. This opportunity will be especially attractive to foreign investors as there are no local expertise in the country related to Railway Facility Management. Further, considering the governments emphasis on environment friendly solutions, foreign investors that can provide green facility management solutions will especially be in demand for these projects.

Source: ¹Gulf News, ²Alstom, ³Railway Technology