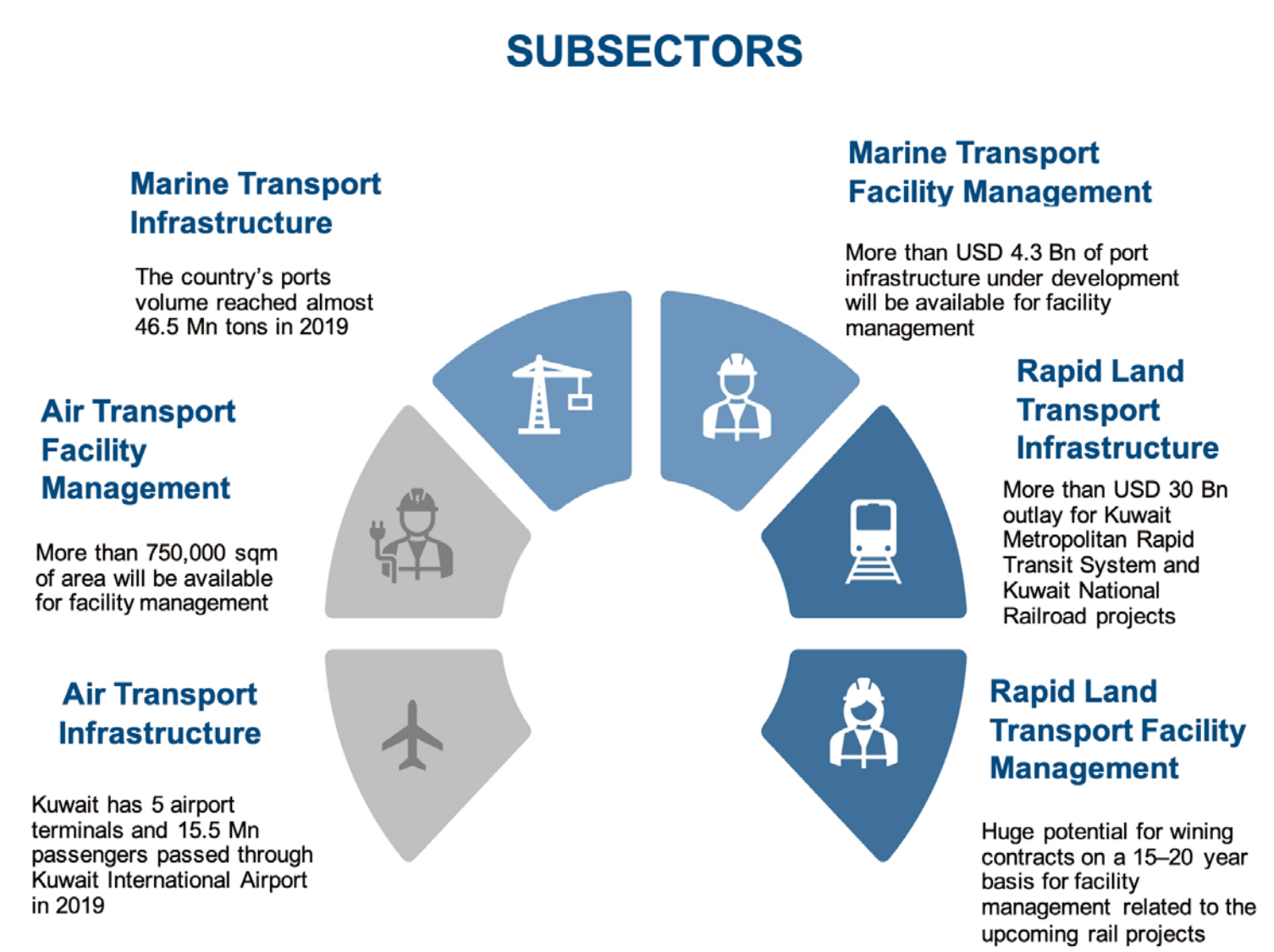




Air, Maritime & Land Transport Sector

Sector Overview

Transport infrastructure projects in Kuwait 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, improve international trade, and contribute to economic diversification.



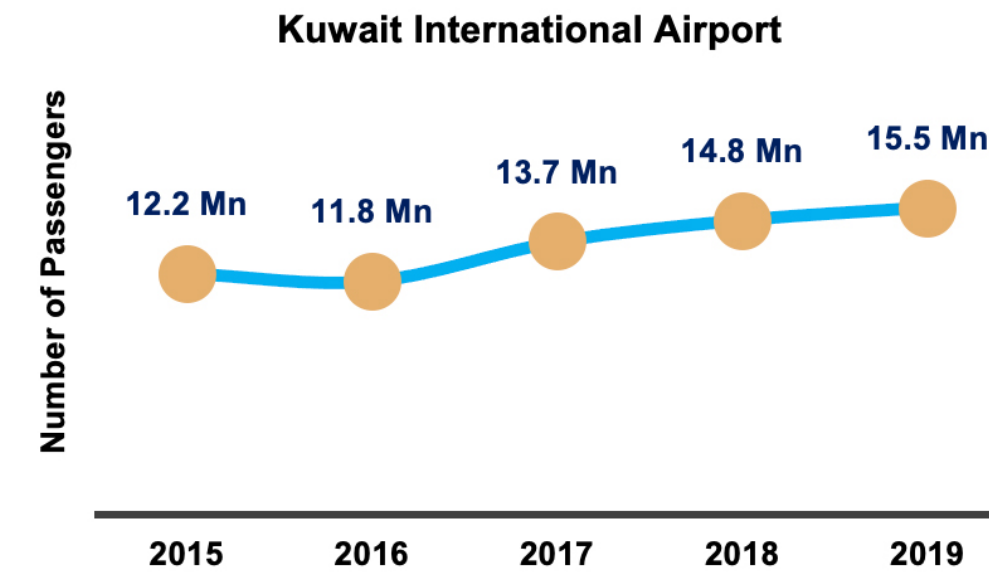
Kuwait offers interested investors a host of mega investment opportunities in air, marine and rail transport infrastructure, and facility management projects for interested investors to attain the goals of the National Vision 2035 and its development plans.



Air Transport Infrastructure

MARKET FACTORS

- Kuwait's annual number of air traffic passengers reached 15.5 Mn in 2019 as compared to 14.8 Mn in 2018, a hike of 4.38%.¹

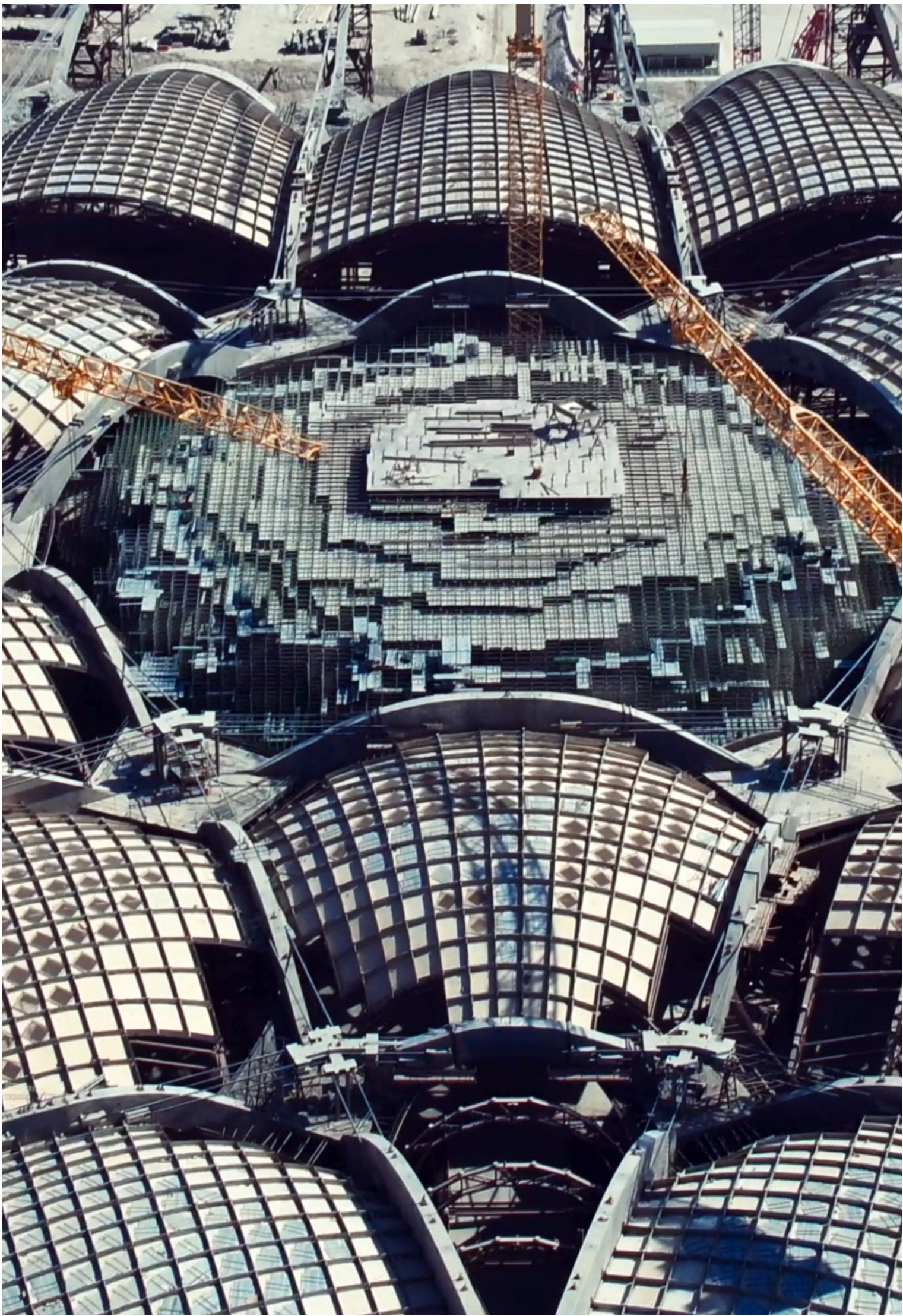


- The onset of COVID-19 pandemic in 2020 resulted in a dramatic fall in passengers because of lockdowns and travel restrictions implemented worldwide. Travel restrictions continued to be prevalent for a major part of 2021. However, the advent of vaccines to tackle COVID-19 and its administration worldwide have led to a dramatic fall in infections resulting in the lifting of travel restrictions. The gradual return to life normalcy in Kuwait and the steady increase of the capacity of passengers at the airport will result in passengers' levels returning to pre-COVID-19 pandemic levels.
- Kuwait International Airport (KIA) is presently comprised of 5 terminal buildings, as follows:
 - Terminal 1 – It is KIA main terminal used for housing arrival and departure flights, consists of 16 with an area of approximately 190,000 sqm.
 - Terminal 2 – is the upcoming new terminal of KIA. 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 2,400 car parking lots.
- Terminal 5 - Built in mid-2018 and is dedicated to Kuwait's low budget airline Al-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 will be the face of Kuwait in the new era utilized to boost travel and tourism to the country.⁴
- The government has 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 navigation technologies.⁵

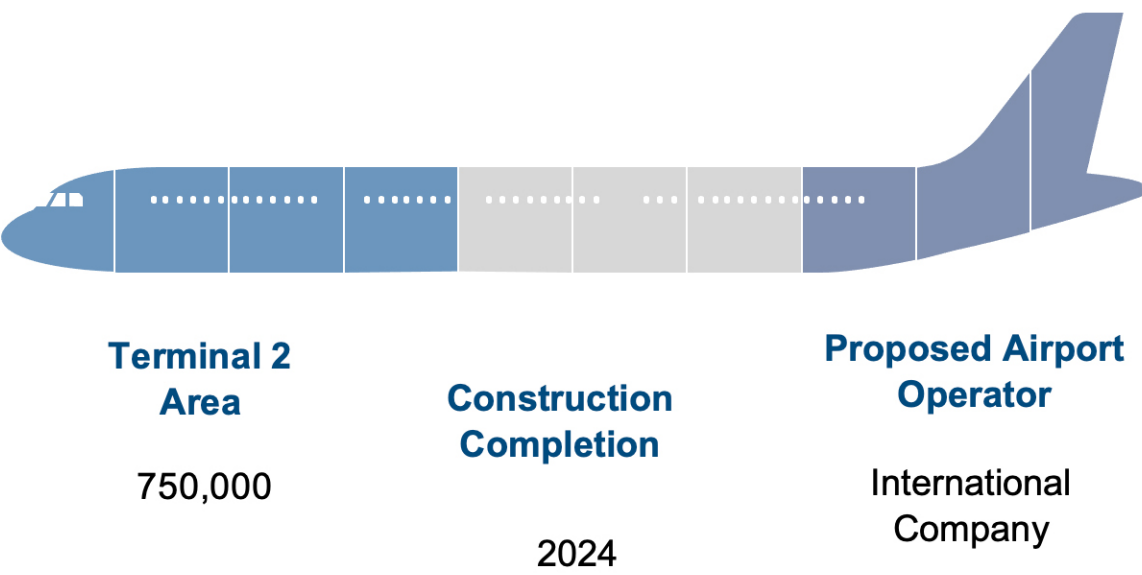
Sources: ¹CSB, ²MPW, ³Foster+Partners, ⁴Kuwait Times, ⁵Kuwait Vision 2035.



Air Transport Facility Management

MARKET FACTORS

- Companies specialized in Operation and Facility Management 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, KIA – Terminal 2. The terminal is expected to be completed by 2024 with an area of approximately 750,000 sqm. 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}



- 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

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



Maritime Transport Infrastructure

MARKET FACTORS

- 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 consumer, intermediate, and capital goods to sustain the demand of the local economy.
- Kuwait’s main line of trade has been the sea. Kuwait has three main ports; their details are¹:

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

- The country’s ports volume reached 34.8 Mn tons in 2020, lower than its level in 2019 which recorded almost 46.5 Mn tons showing growth at a CAGR of 3.03% from the year 2015 to 2019 when the total ports volume was 41.3 Mn tons.²
- The government launched substantial amount of investment to be injected into infrastructural developments including the expansion and renovation of existing ports and the development of new ports and facilities in the country. Some of the projects undertaken are³:

Projects	Cost (USD Mn)	% of GDP
Development and expansion of Shuwaikh Port	548.2	0.46%

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

- 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, and hotels.⁵

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



Maritime Transport Facility Management

MARKET FACTORS

- The government of Kuwait is investing substantially in marine infrastructure through 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 allocated towards ports infrastructure. This investment in marine infrastructure will only be viable if the ports and their facilities are maintained appropriately as maritime assets are always exposed to harsh environments. It is paramount that these assets are maintained with a future outlook to ensure that the assets function at the planned capacity and capabilities.
- The Marine Transport Facilities Management sector is at a basic stage in Kuwait. There is a scarcity in the market for specialists who can carry out planned and reactive maintenance of marine facilities. Marine facility management demands an operational understanding to ensure that assets can achieve their intended function.

Sources:¹Kuwait Vision 2035.



Rapid Land Transport Infrastructure

MARKET FACTORS

- Kuwait had around 2,375,917 registered vehicles in December 2020, compared to 2,368,680 registered vehicles in December 2019.
- The government has proposed two strategic projects that represent a USD 30 Bn outlay and involve development over several phases that may require multiple levels of tendering, they are:
 - 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 areas of the country and will be serviced by 68 stations from Kuwait City to the south and north regions. 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 Offering (IPO).²
 - Kuwait National Railroad (KNRR) project involves the construction of a railway 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 44% and the remaining 50% being raised through an Initial Public Offering (IPO). 70% of the project's revenue is expected to be generated through freight although there are also provisions for passenger services.⁴

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



Rapid Land Transport Facility Management

MARKET FACTORS

- 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 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 that operation and facility management contracts are tendered by the government on a long-term basis, similar to projects in other GCC countries.

Sources: ¹Gulf News, ²Alstom, ³Railway Technology.

