
Kuwaiti construction sector worth USD 2.54 billion in 2009

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The Saudi Gazette reported that the Kuwaiti infrastructure sector, though still struggling because of recent reductions in expenditure is seeing slight improvement with YoY real growth revised up to 1.41% for 2009 due to government stimulus.

The Kuwaiti Infrastructure Report for the Q4 of 2009 estimates that the industry will be worth USD 2.54 billion in 2009.

There have been no new major projects announced over the quarter, although it appears that the sector is beginning to show some signs of recovery. High level talks between the Kuwaiti government and French nuclear firms, in particular Areva, suggest the possibility of large scale nuclear construction in the relatively short term. This promises benefits for the country not only in terms of construction growth but also in badly needed energy diversification.

The large scale Al-Zour refinery project, which was scrapped earlier in the year has also been under discussion and may be renegotiated. It is likely that any new terms will result in smaller expenditure with tighter cost controls in place, but should it go ahead this is likely to give a much-needed boost to the sector.

BMI's Business Environment Ratings for Kuwait place it 6th within the Middle East region with a score of 57.9. This was due to low scores associated with its Infrastructure Markets and Market Risk.

Kuwait also appeared 6th in BMI's rankings of Middle Eastern countries according to Project Finance.

The country score was bolstered by strong scores for Design and Construction but poor ratings for the Commissioning and Operating of projects brought the overall score for Kuwait down to 61.4.

Regional integration in the Middle East is quite strong, with the Gulf Cooperation Council linking the UAE, Qatar, Oman, Saudi Arabia, Kuwait and Bahrain. This may provide opportunities for Kuwait's infrastructure sector to grow, presuming investment in the sector sees an upturn, as Kuwaiti construction and infrastructure firms have a good deal of experience and expertise.

(Sourced from the Saudi Gazette)

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