



Photo courtesy of Kuwait University Construction Program

KUWAIT Part 2

Investing in the pillars of sustainable development

Kuwait's Development Plan is paving the way for sustained economic growth, excellent health and education, and greater technology transfer

Though one of the world's wealthiest countries, Kuwait was surpassed by many of its neighbors in socioeconomic and industrial development as a result of the 1990 Iraqi invasion and an overly-comfortable reliance on oil.

In 2010, the Kuwaiti government launched a landmark five-year Development Plan (KDP) to fast-track development with an estimated \$104 billion in investment and a set of clearly defined (and ambitious) objectives and priorities. Among these are greater diversification of the economy, an invitation to the private sector to take on a larger role for the transfer of knowledge and technologies, and the construction and upgrading of transportation and social infrastructure. The end purpose is to transform Kuwait into a commercial and financial center for the region and beyond, following the long term Vision of H.H. the Emir Sheikh Sabah Al-Ahmad Al-Sabah.

"The government has prepared all the necessary requirements for this plan, including follow-up and rectification indications to ensure proper implementation and activate supervision," observes Prime Minister H.H. Sheikh Nasser Al-Mohammed Al-Ahmed Al-Jaber Al-Sabah.

He adds that the KDP "requires opening up to the world from East to West, attracting foreign investment, learning from the experiences of different countries, exchanging expertise especially in the fields of technical and technological development. Civilizations are a result of the convergence of notions and experiences. Countries cannot live in isolation from the rest of the world and the development and progress it is experiencing."

Kuwait's multi-billion dollar hydrocarbon sector will also see a fair share of investment. Home to 10% of the world's proven crude oil reserves, Kuwait's economy has been propelled for more than 70 years by oil and despite diversification goals, this "black gold" will continue to catalyze growth for years to come. As a result, \$90 billion will go toward raising production capacity, modernizing existing facilities and building new ones, all in an

attempt to re-launch much of the country's stalled upstream and downstream oil and gas projects.

Aiming to boost the non-oil sector, the KDP lends its support to the growth of industries for a sustained economic base. Recognizing industry's role in value addition and improving the country's commercial balance, the government has begun allotting more land for industrial cities, and facilitated the entry of foreign companies to share their knowledge. "The most important aspect is the development of Kuwaitis' know-how as we convert the country into an industrialized nation," says Tareq Al-Wazzan, managing director and CEO of AREF Energy, a successful energy investment company.

Beyond the bricks and mortar of the KDP, however, lies the importance of developing Kuwait's human capital stock, and spurring an entrepreneurial zest in its younger generations, as sustainable growth begins with an investment in the people. "Long term development doesn't come only with infrastructure, construction, concrete work, electricity and the like. It comes with human development, training Kuwaitis, enhancing human capacities, systems, and integrity of the systems," explains Dr. Hussain Al-Sayegh, chairman and managing director of Akanan Global, a leading Kuwaiti real estate firm.

Kuwait has a strong welfare system in place, and ranks number one in the Arab world on the Human Development Index (HDI). Nevertheless, Kuwait's healthcare and education systems are outperformed by those in other countries in the region, a statistic that Kuwait is determined to turn around with the help of the private sector and foreign expertise.

"Education and health are two important pillars that would help push the development plan of any country," comments Dr. Mansour Alorf, director of Alorf Hospital. Emphasizing the importance of good schools, Noura Al-Ghanim, owner and director of Universal American School (UAS), says, "Education is the foundation for development in any nation. You have to start with a proper form of education at a young age to build the nation's leaders of the future."

Hand in hand with the country's vast oil wealth, the KDP should set Kuwait on the right path to a more sustainable economic future.



H.H. Sheikh Nasser Al-Mohammed Al-Sabah, Prime Minister of Kuwait



Sabah Al-Salem University City



American School of Kuwait (ASK)



Dasman Diabetes Institute



Universal American School (UAS)

Foundations of socioeconomic development: education and healthcare

Greater private sector participation is helping to raise standards in these key areas

Based on 2010 data, Kuwait boasts the highest Human Development Index (HDI) among Arab nations, and scores 27th in the world (see graph on page 5 of this report). This is due to the contribution of oil revenues to state coffers and in turn, the state's redistribution of oil wealth to its people through welfare. Indeed, in 2009 the Kuwaiti government spent 9% of its budget on education and 7% on the health sector. The HDI bases its ratings on life expectancy at birth, access to knowledge and a gross national income per capita.

Nevertheless, Kuwait is outperformed in education and healthcare by several of its neighbors, due in part to a lack of investment in upgrading and modernizing infrastructure. One notable issue is that the country's bustling expatriate community—estimated at two-thirds of the total population—also accesses the healthcare and education services provided by the government, thus placing greater pressure on the system.

According to Dr. Hilal Al-Sayer, Minister of Health, there is often a lack of hospital beds in heavily-populated areas. The government plans to raise the number of beds by building nine towers to be attached to existing hospitals, thereby increasing the capacity by 3,565 beds (60%). Also, construction began last year on the new Jaber Hospital, which will be one of the largest in the Middle East.

Dr. Al-Sayer also says the current healthcare reforms target primary healthcare. "Our focus has been to begin with good family medicine programs and to ensure that all primary healthcare clinics have doctors who are specialized in primary healthcare and family medicine," he explains.

Education, another priority of the KDP, is a not just a benefit but a right in Kuwait: from primary through tertiary, a slot is guaranteed for every citizen who wishes to study. "Kuwait's investment in the education system has contributed to the overall development of the country and has had a positive impact on neighboring GCC countries," comments Professor Moudhi Al-Humoud, outgoing Minister of Education and Higher Education. The Ministry is developing curricula in science, math and languages, three globally recognized skills that will empower students for the global market.

Kuwait also looks beyond its borders to ensure Kuwaitis have access to the best educational opportunities. It provides 1,800 scholarships annually to top students—both male and female—for study abroad. Thanks to this, Kuwaitis are enrolled at such prestigious universities as Stanford, Harvard and Carnegie Mellon. Kuwaiti MBA students who are admitted to any of the top 20 universities in the world receive a scholarship from the Kuwait Investment Authority. "We have students getting their MBAs from all over the world; from Spain, France, the U.K. and the U.S.," says Yousef Al-Ebraheem, Economic Advisor to the Emir.

In 2000, the government passed a law allowing private universities to enter Kuwait, which had been under state control since 1935. There are currently six private universities and an additional six are in the pipeline. In terms of primary and secondary levels, over 25% of Kuwait's schools are private, yet their enrollment comprises one-third of all students. Many private schools follow foreign curricula and are accredited inter-

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nationally, although Al-Humoud would like to see even more of Kuwait's institutions internationally accredited.

Helping students prepare for the challenging academic environment they'll encounter at the U.S. and European universities is the Universal American School (UAS).

The road leading to UAS' standing as Kuwait's best college-prep has not been easy. The parents of the current owner and director, Noura Al-Ghanim, led the school up until the Iraqi invasion in 1990. After liberation, Al-Ghanim reopened the school. "It was a challenge because the school was entirely destroyed," she remembers. "Thus, it was my goal to redevelop it and transform it into one of the most successful private schools in Kuwait. Today, after 20 years leading the UAS of Kuwait, I am proud to finally say my goal has been reached."

Accredited by the European Council of International Schools (ECIS) and the New England Association of Schools and Colleges (NEASC), UAS provides 12 Advanced Placement courses recognized by the U.S. College Board. In 2009, 84% of students who took the AP exams

"You cannot build a pillar without concrete and education is the main foundation of every country."

—Wael Abdul Ghafoor, Owner of the American School of Kuwait

scored a 3 or higher. The school employs only American teachers and follows the U.S. curriculum; however, rather than applying a standard 50:50 ratio of education to activities, UAS prefers 60:40. "This doesn't mean activities are not given the right attention," explains Al-Ghanim. "I think children in the 21st century need to be focused on academic and social experiences so they can get into competitive universities. There is a good balance here."

Al-Ghanim's daughter, Bibi, is following her mother's footsteps in one realm of education that fell victim to the school's more pressing priorities and commitments: social graces. The "House of Etiquette" teaches children how to behave properly in social situations. "Etiquette is an education which is an important part of self-improvement," Bibi Al-Ghanim says.

Another school following the U.S. curriculum is the American School of Kuwait (ASK). The preferred K-12 school among U.S. military and expat workers, ASK

was originally established over 40 years ago by U.S. parents with the help of a few locals, but passed into Kuwaiti hands with the privatization law. The father of one Kuwaiti student at the time, Abdul Wahab Abdul Ghafoor, took over and funded the school. In 1992, he passed ASK into his son's hands.

As a former student, Wael Abdul Ghafoor feels a special tie to the school and its success. "The school has had a nice atmosphere since the 1960s and the students do not forget each other over the years," he says. "If ASK is succeeding, then Wael is succeeding, and if ASK drops, then Wael drops. It is a part of me."

ASK is associated with the U.S. State Department, accredited by an American Accreditation firm, and invests ample time and money in recruiting staff at fairs in the U.S. Approximately 95% of its academic employees are from the States, and those who hail from other countries are required to have a U.S. teaching certification.

Australian College of Kuwait

A successfully imported Australian model of excellence

When the Private Universities Law was passed in 2000, the Australian College of Kuwait (ACK) was the first to apply and be granted a license. The college was the realization of the vision of its chairman, Abdullah Abdulmohsen Al-Sharhan to provide specialized vocational education.

"Vocational education is the reason so many young people succeed in their lives, as it teaches them what to do. Knowledge by itself is not sufficient; you need the skills to apply that knowledge," says Al-Sharhan.

Through its partnerships with leading Australian universities and colleges, ACK is a pioneer in the 2+2 model, where students can study two years in Kuwait and receive a vocational diploma that allows them to enter the job market immediately or to continue their specialized studies for another two years to earn an academic degree either in Kuwait or abroad. ACK, via its auspice agreements, offers internationally recognized and



accredited diplomas and degrees. ACK's expanding campus provides state-of-the-art training facilities, including a ground-based Boeing 737-200 aircraft and a cutting-edge marine simulator. Al-Sharhan would like ACK's graduates not only to go into the engineering and business sectors as employees, but also become entrepreneurs who can succeed in creating new projects. He emphasizes the importance of education for the success of Kuwait's goals. "We are still a developing country because we have not focused enough on education. This is where we need to start," he explains.

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\$5.8 billion into long term sustainable growth

A fundamental pillar for the sustainable development of a nation is its human capital, and investing in the creation of a country's young minds is a clear step towards building a brighter future where higher education takes center stage. Although Kuwait boasts several institutions of higher learning, Kuwait University (KU) is the only public university, and coincidentally this year marks its 45th anniversary.

Through 14 colleges and wide range of programs in sciences and humanities at the undergraduate, graduate and doctoral levels, KU has established a regional legacy of excellence in education.

"For over 40 years, KU has produced quite a number of outstanding graduates. Many of the leading people in the country and the Gulf come from KU. We also have many successful graduates all over the world," boasts Abdullatif Al-Bader, newly appointed president of KU.

Given Al-Bader's medical background (he twice served as KU's dean of the College of Medicine) he places special attention on reaching global standards in these areas. "We're looking into other areas of accreditation and certification. In many of the colleges—particularly, in the areas of science and medicine—we're trying to adapt the External Examiner systems. We believe that it's always good to have the assessment of an independent, third party with a bird's eye view of things," he explains.

If not exactly aiming to compete with foreign universities, KU is keen to learn from international institutions given the pivotal importance of the transfer of knowledge and technologies. To achieve this KU has established agreements with

many of the most reputable centers of higher education in the U.S. and Canada. "I believe that we have to compete with ourselves, demonstrate excellence and establish a center of excellence. Of course, we cannot accomplish this in a cocoon. We have to venture out to see what others are doing. We have to send our students out into the larger world," explains Al-Bader.

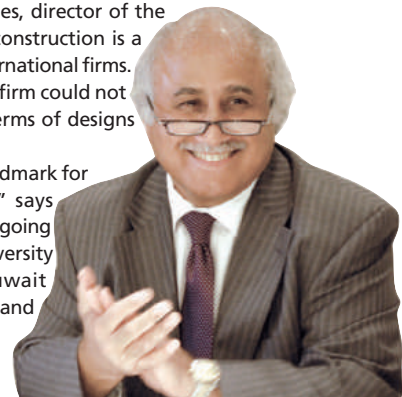
KU is also host to one of the KDP's biggest projects: the new Sabah Al-Salem University City, with state-of-the-art buildings and facilities. With an allocated budget of \$5.8 billion, this new project will house 11 colleges on the main campus, with an additional five colleges on the medical campus, and accommodate 40,000 students and 10,000 faculty members, explains Rana Al-Fares, director of the KU Construction Program. "The construction is a joint venture of local firms and international firms. Even the largest local contracting firm could not take this on single-handedly in terms of designs and construction," she adds.

The new University City "is a landmark for KU's history and development," says Professor Moudhi Al-Humoud, out-going Minister of Education. "The University City will stand to represent Kuwait University's ongoing development and evolution."

**Professor Abdullatif Al-Bader,
President of Kuwait University**



**More than 28,000 students are enrolled at KU,
the Kuwait's sole public university.**



Creating a “healthcare business” through increased private sector involvement

Kuwait is reforming its healthcare system through various channels, and the KDP is allocating millions of dollars toward a very ambitious plan to increase the amount of hospital beds by 3,565 (60%). Dr. Hilal Al-Sayer, Minister of Health, explains, “We are also building a new hospital, the Jaber Hospital, which will be one of the largest projects in the Middle East. This is all being done with the aim of reducing overcrowding.”

Also envisioned in the plan is raising the involvement of the private sector in attending to the needs of both Kuwaitis and expatriates. “I believe that now is a good time to use the private sector to support the existing government health system and develop a new frontier for Kuwaiti healthcare,” says Dr. Mansour Alorf, director of

a well-equipped general laboratory and a radiology department with X-ray, ultrasound and CT scan facilities imported from the U.S. and the U.K.

Models of healthcare excellence like Alorf are creating an influx of patients from the Gulf area into Kuwait seeking the high standards of the medical services. “We have tried to expand our healthcare network to provide medical services to people all over the country. It has been a source of joy and pride to have had so many patients coming from various areas in Kuwait, in addition to the patients that we have from the Gulf area” explains Dr. Alorf.

The government is also addressing a growing problem in Kuwait and the Middle East: diabetes. Kuwait presently has the seventh highest rate of diabetes percentage in the world. As a token and lasting gift, the late Emir Sheikh Jaber Al-Ahmad Al-Sabah commissioned a special institution to fight the rampant spread of diabetes. The Dasman Diabetes Institute (DDI) was inaugurated on June 6, 2006 by the current Emir, and has since become a global reference in diabetes research, treatment and prevention. It boasts research centers, a swimming pool and fitness lifestyle area, a patients’ area, and day care all under one roof.

“As far as I am aware, nothing like this exists elsewhere,” says Dr. Kazem Behbehani, director general of DDI. “This is a model not only for diabetes, but also for other chronic diseases.”

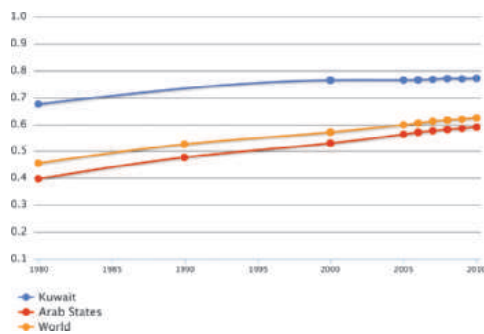
The DDI also recently opened a Genome Center, which studies the relationship between genes and diseases, and is of the school of thought that many diseases can be treated before they show any external symptoms through the encouragement of healthy lifestyles. This is an urgent initiative, given the fact that currently 70% of Kuwaitis are obese, 80% have unhealthy diets and 60% are reported not to exercise.

“We’re promoting a knowledge-based society in order for people to understand how to avoid disease, understand the long term consequences of their actions, and to lead a healthier lifestyle,” explains Dr. Behbehani.

DDI brings the best available knowledge from all over the world, partnering and collaborating with the World Health Organization, the Harvard Group, Dundee Group, Oxford and a number of other foreign institutions.

Dr. Mansour Alorf, director of Alorf Hospital

HUMAN DEVELOPMENT INDEX TRENDS 1980-PRESENT



Source: United Nations Development Program (UNDP)

Alorf Hospital. As a bold step forward, in March 2011, the government officially launched the Kuwait Health Assurance Company (KHAC), a PPP deemed one of the Middle East’s biggest healthcare companies, to handle medical insurance hospitals in the country. The majority of expats employed in the private sector—who currently seek healthcare attention in public hospitals and clinics—will instead be covered by the KHAC’s three new hospitals and 15 private clinics, which should be operational by 2015. Likewise, Kuwaiti citizens will also be allowed to use the private hospitals free of charge, creating a complimentary service and increasing levels of efficiency.

In the area of specialized medical services, which continues to be a cause for patients to be sent abroad for treatment, Alorf Hospital provides the perfect example of the advancements being made by the private sector.

Originally established as a clinic in 1998, five years later it expanded to Alorf Medical Center. Such was the demand for its services that in 2007, the institution expanded to become a multi-specialty hospital supported with



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Building up Kuwait's value base

Industries take center stage in diversification plans

The KPD is addressing the need to diversify Kuwait's economy and expand its industrial base by investing in value-added industries such as manufacturing. With this industrialization strategy, Kuwait is taking the right steps toward sustainable and long-term growth.

To date in its history Kuwait's industrial growth has been sporadic due mainly to the strong focus on its rich oil reserves. From 2003 to 2008, the manufacturing sector grew at an average of 16% and in 2009, it accounted for 5.3% of GDP.

Kuwait possesses a number of advantages for industry, such as a large pool of competitively-priced, skilled labor, an improving macro-economic outlook, and political and legal stability. Kuwait's highly strategic location in the north of the gulf region—with easy access to the "Big Three" of Saudi Arabia, Iraq and Iran—should encourage industrial players as well. In addition, Kuwait is a consumer society that is supplied with leading brands and top quality products from predominantly western countries. Thus, containers arrive full and leave empty, creating an opportunity for incredibly competitive pricing for the exportation of goods to the region and beyond.

Some companies, such as Refrigeration Industries Company (RIC) have already caught on to the importance of exploring foreign markets. "Because Kuwait is such a small country, markets are small and limited. That is why we mainly survive on exports," explains Sheikha Intisar Salem Al-Sabah, chairperson of RIC.

Established in 1973, RIC specializes in cold storage for perishable goods—an important necessity given the region's climate and the fact that 94% of its food is imported—and in manufacturing of air conditioning and refrigeration units. Its Coolex brand, originally developed in technical collaboration with international industry leaders York, is one of the oldest brands in the region.

Sheikha Intisar took on RIC leadership in 2007 and has reconsolidated the company's leading position, which prior to her entry had

deviated slightly into other ventures such as logistics. Now, with the help of international experts, RIC is rebuilding its factory, using the latest manufacturing technology to improve efficiency. This is indeed a clear advantage in a country with such limited land availability.

"Switzerland or Luxembourg are small, yet they do have industries. They just go vertically," says Sheikha Intisar. "Luxembourg produces to sell—if you make an order it is ready within a month. They don't have storage or anything. They have lean manufacturing and everything works on time. We need to imitate that."

Other companies, such as Gulf Glass Manufacturing Company (GGMC), do require more physical space for the company to grow. This is easier said than done, since the government owns and holds 87% of the land.



Gulf Glass Manufacturing Co. is an industry leader in the non-oil sector.

"We've been working at full capacity for the last few years; there's no margin for increasing it. We would like the government to help us as we're desperate for more land," says Hussain Al-Shaikh, chairman of GGMC.

Founded in 1981, GGMC is Kuwait's oldest glass plant and one of the first among GCC countries to produce and sell high-quality glass containers for the beverage, food and pharmaceutical industries. It produces 120 tons per day of green and flint glass, using top-of-the-line European and American machines.

"We have five lines: three for flint and two for green. It is very rare in the world to have a plant with four lines equipped with narrow neck press and blow," comments Al-Shaikh.

Clients include Coca-Cola and PepsiCo and GGMC exports 60% of its glass production to nearly all of the GCC countries as well as Lebanon, Jordan, Iraq, Syria, Armenia, Malta, Azerbaijan and South Africa.

GGMC feels it has the potential to grow and would like to diversify its business within the glass industry and its supporting industries. In order to do this, however, Al-Shaikh says they need to expand their current facilities.

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problems, the government has allocated a new industrial area, which according to Hussain Al-Kharafi, chairman of the Kuwait Industries Union, will be followed by another industrial city and more land availability. Hussain Al-Sayegh, chairman of Aknan Global Development for Real Estate Co., says, "There is a shortage of industrial real estate and...[the government is] building three major cities—Shigaya, Shahdadiya and Maiham—to create space for manufacturers." This is a welcome indication of the growth opportunities in Kuwait's industrial sector.

Innovation in hydrocarbons through partnerships

Oil has played an all-important role in Kuwait's economic development, serving as both a driver and a catalyst for growth. The oil and gas industry contributed on average 53% directly towards GDP from 2005 to 2008, reducing slightly to 45% in 2009 due to the lower demand following the global economic crisis. In 2009, hydrocarbon revenues represented 94% of total government income and the profitability of this sector can be seen in Kuwait's 12th successive year of budget revenue surplus, now estimated at a total of \$300 billion, according to the Economist Intelligence Unit.

With today's high oil prices—

greatly affected by the political situation in Libya and the Middle East—Kuwait stands to gain, but the government does not view this as entirely positive. "An increase in oil prices would benefit us, but we are not greedy," explains Sheikh Ahmad Abdulla Al-Sabah, outgoing Minister of Oil. "We don't like to see oil prices reaching levels they have done in the past, forcing the world economy into recession. We aren't in favor of this."

As a member of OPEC, Kuwait is limited to producing 2.2 million barrels of oil per day (bpd), although capacity is currently 3.2 million bpd. However, country quotas can change given any number of factors, and Kuwait aims to raise capacity to 4 million bpd by 2020 in a bid to continue supplying the world's energy needs.

The government nationalized its energy industry in 1975 and decreed that Kuwait's natural resources belonged solely to Kuwait. As a result, international oil companies (IOCs) have been allowed little presence in the oil-rich country. These days, though, Kuwait acknowledges that foreign assistance is necessary if it is to meet its production targets in both oil and gas.

Aside from the big international oil companies (IOCs), Kuwait also welcomes partnerships with small- to medium-sized energy services companies that

Continued on page 8

Optical industry leader



A pioneer in the optical industry, Kefan Optics was founded in 1978 as a family-owned business and has since grown into a regional powerhouse and single source provider for Nikon ophthalmic lenses for the Middle East. Today, Kefan Optics boasts a thriving and successful presence in Kuwait, Dubai, Abu Dhabi, Saudi Arabia, Iran, Jordan and Iraq. "Through our collaboration with the best of international brands, we deliver world-class products and services to our customers," says Wael Al Sabih, president of Kefan Optics.

Kefan takes pride in firmly establishing itself as the manufacturer and distributor of Nikon ophthalmic lenses in the GCC. They began distributing in 1996 and became commissioned in 2005 when they built their Nikon manufacturing plant. They are carefully monitored and regulated by Nikon France and Nikon Japan.

In its quest to ensure an out-

standing experience for its customers, Kefan Optics invests heavily in training its employees. They enjoy regular training programs on subjects ranging from optics and customer service to positive thinking. Vice-president Hussain Al-Wazzan attributes the company's growth and success to these training programs and unique philosophies.

Catering to market demands for unique concepts and diversity, Kefan has adopted "The Art of Vision" as one of its forward-thinking beliefs. Optylife is a new concept in luxury optics that caters to the eclectic needs and luxe standards of fashion-conscious eyewear consumers. Optysport, a unique concept, is regarded as the pioneer of sports eyewear, offering trendy, functional, sport-specific sunglasses and prescription lenses for serious athletes. Kefan is now looking at extending its horizons to reach a greater number of customers. With no limit to its expansion plans, perhaps the U.S. will soon be able to enjoy this leading Kuwaiti brand.



**Wael Al-Sabih,
President
of Kefan
Optics**



**Hussain Al-Wazzan,
Vice-
President
of Kefan
Optics**

AGT, the voice of contracting experience

Shortly after the liberation of Kuwait in 1991, a minority American couple went to Kuwait in pursuit of a dream of business success in the Middle East. "We calculated the risk and moved forward with establishing our company," explains Sheila Gittens, president of American General Trading & Contracting Co. (AGT). "We both have an entrepreneurial spirit; going backwards in life is not an option."

AGT provides a segue for many U.S. corporations into the lucrative Middle East markets, whether as agents for foreign companies, project managers, teaming partners or joint venture partners.

"We provide a gateway for U.S. suppliers and contractors."

—Lionel Gittens, MD of AGT

"AGT's global appeal is based on our American management systems coupled with our 20 years of experience in the GCC," says Lionel Gittens, managing director of AGT. "We also provide corporate sponsorships for major U.S. corporations who are contracting for the U.S. government." AGT is a registered entity with the U.S. Embassy in

"We have an entrepreneurial spirit; going backwards in life is not an option."

—Sheila Gittens, President of AGT

Kuwait and a proven contractor of choice in construction, interior design, meet and greet, and logistic services. Sheila Gittens reiterates, "AGT headquarters its operation in Kuwait and has been successful in spreading its wings to Qatar, Iraq, Afghanistan, the U.S. and Djibouti."

AGT's future strategy is diversi-



Kuwait - Qatar - Afghanistan - Iraq - USA - Djibouti

fication and expansion into commercial facility management and other support services. AGT's U.S. franchise, Coverall Cleaning Concepts, has established a strong customer base by providing a health-based cleaning system that prevents cross contamination.

"AGT will focus on joint venture opportunities in the oil and commercial sectors. We provide a gateway for U.S. suppliers and contractors to these excellent business opportunities," says Lionel Gittens.

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provide rigs, drilling, piping, transportation and a multitude of other related services.

"Kuwait is very well-endowed with hydrocarbons, so producing 4 million bpd is not a stretch. However, it might be very challenging to meet future production objectives with local capabilities, so it will be more desirable for the energy sectors to seek the support of Western know-how in specific fields to achieve those targets," says Tareq Al-Wazzan, managing director and CEO of AREF Energy Holding Company.

Established in 2007 as a subsidiary of AREF Investment Group, AREF Energy is a local boutique and Shariah-compliant energy investment house that has consolidated itself as an ideal local partner for foreign oil and gas services companies wishing to enter Kuwait and the region.

"After comprehensive analyses on Kuwait's future requirements, we have concluded that the goal



Tareq Al-Wazzan, Managing Director and CEO of AREF Energy

in the years to come is to hold strong partnerships with international mid-sized operational companies interested in a joint venture with a dynamic and accountable local partner. This would give them an appropriate foothold in the Middle East," explains Al-Wazzan.

"We are trying to represent Kuwait in seeking good opportunities, aligning ourselves with trustworthy partners and keeping our conduct of business ethical," adds Walid Al-Hashash, AREF Energy chairman.

It must also be noted that AREF

Walid Al-Hashash, Chairman of AREF Energy

Energy's investment policy is founded on a strong commitment to stimulate the transfer of technologies and knowledge into the region. "If we invest outside of the region our aim is to bring the transfer of technologies and knowledge to the area," adds Al-Hashash.

Currently, AREF Energy is increasing its shares in energy service companies in the upstream, downstream, environmental and power sectors not only in Kuwait, but also in the MENA region, India and the U.S. According to Al-Hashash, the company went from no contracts

in 2009 to \$35 million in contracts by early 2011.

Says Al-Hashash, "The crisis proved to us [that oil and gas services] were good, as during the crisis the share prices of many oil production companies were very volatile. The shares of oil and gas services companies, however, stayed intact, as everyone needs them to produce oil."

Al-Hashash looks toward the U.S. for the greatest transfer of technology and know-how. "When it comes to oil and gas and the energy sector, the pioneers are the Americans. Oil was discovered there and until today, most of the products and equipment required to produce oil are manufactured in the U.S.," he comments.

AREF Energy holds a 25% stake in the American company SynFuels, the developer of a revolutionary patented gas-to-liquid technology that reduces capital and environmental costs while increasing productivity. Other such investments and partnerships are always on their horizon.

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