

مشروع الكويت

Financial panel initiates discussion of mega oil project

By H. Inak

SCWAD: Kuwait Minister Sheikh Ahmad Taher Al-Jaber invited MPs yesterday that a government-sponsored project to develop the massive oilfield does not violate the constitution as National Assembly Speaker and Economic Committee leader in discussion of the project that has 700,000

emphasized a number of principles that the project does not contradict with the Kuwaiti constitution, it is not a permanent asset but based on economic contracts, and that the cost will be paid in cash and not in oil," Ahmad Al-Jaber said yesterday after the meeting. "The local private sector and the rest market will benefit from the project and will be allowed to compete. We have

taken every care to safeguard our country's sovereignty," the Minister said. The project calls to seek the assistance of foreign oil companies to develop four oil fields in the north of the country to boost their output from about 500,000 barrels a day to 900,000 barrels. The project was initially discussed about 10 years ago but was delayed due to opposition by the Assembly

due to concerns that it allows foreign companies to own part of the Kuwaiti oil resources. Head of the Committee Rifa' Abdulwahid Al-Sayid and the minister and the Kuwait Petroleum Corporation (KPC) officials explained the technical aspects of the project and why Kuwait needs this investment. Hassan said the officials explained the

duration of the contracts, which ranges from 20 years. "The contracts are based on the marketing aspect. The project must not violate the constitution and it must be in the interests of Kuwait in the first place. We want that marketing should be precise and scientific," he said. Hassan said the MPs also want that there should be an important process for national companies

and they should have equal opportunity to compete. They want also benefit from the transfer of technology. He said a new meeting will be held on Feb. 22 to discuss the economic and financial aspects of the project and a final meeting on March 1 to discuss the issue of contracts and other related legal matters. Continued on Page 21

Kuwait Times
Page 1

Financial panel initiates discussion of mega oil project

Continued from Page 1

After that, the committee will host a number of experts from outside KPC and the Assembly before making its final decision and report on the project. Initial estimates had put the cost at some \$7 billion but some Kuwaiti economists said that due to the long delay the cost would be much higher. Sheikh Ahmad however denied this. "This is not correct. The project is based on who offers the best price. It will be based on who makes the best offer for operation and best price. It is essentially based on competition for the best price," he said. "I feel optimistic after the first round of discussion. We have sup-

plied detailed and full information. We however have listened to some remarks from MPs," he said.

"We explained the geological information of the project and the overall reactions have been positive," Sheikh Ahmad added. In response to whether or not a law like what several MPs have demanded will govern the investment, Sheikh Ahmad said, "We have prepared the general framework, the economic model, the operation contracts and a proposed law. The final say is for the National Assembly."

The proposed legislation stipulates that national oil resources will remain the sole property of the state, which will remain in total control of production. The duration of

the contracts is for 20 years, which can be renewed for a maximum of 10 additional years if needed. The bill also allows foreign companies to operate in the project without the need of a local agent or sponsor, contrary to Kuwaiti law, which requires any foreign company to appoint a local representative.

Haroun said the issue of agents was not discussed in the meeting, but it will be brought up in coming meetings. The prevailing opinion is that there should be no agents involved, he said. The committee will present a detailed report to the National Assembly for a full debate. The Assembly decision is crucial for the project.

Kuwait Times
Page 21