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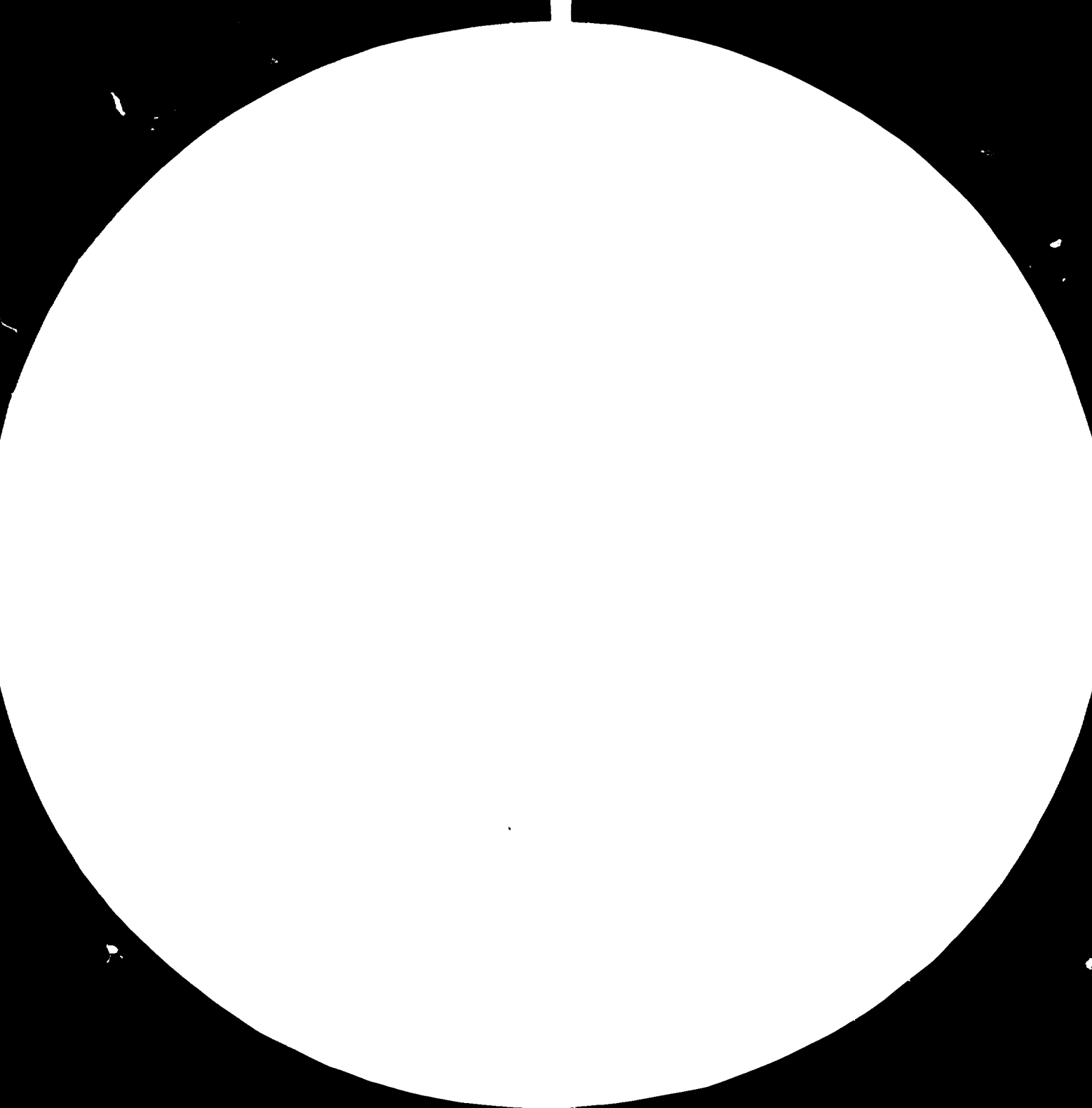
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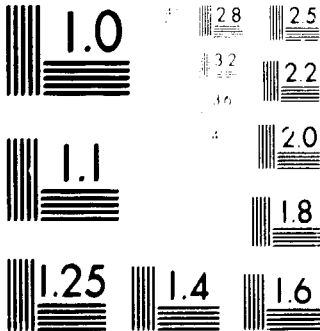
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13 February 1979
English

(R) INDUSTRIAL DEVELOPMENT AND
CONSULTING BUREAU
TF/KUW/76/001
KUWAIT

Terminal report

Prepared for the Government of Kuwait by the
United Nations Industrial Development Organization,
executing agency for the United Nations Development Programme

Based on the work of M.I. Khalil, Project Manager; A.M. El Beheri,
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United Nations Industrial Development Organization
Vienna

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Explanatory notes

References to dollars (\$) are to United States dollars.

The monetary unit of Kuwait is the Kuwaiti dinar (KD). During the period covered by this report, the value of the Kuwaiti dinar in relation to the dollar was KD 1 = \$3.58. One thousand Fils is one Kuwaiti dinar.

A slash between dates (e.g. 1971/72) indicates a financial year.

Use of a hyphen between dates (e.g. 1971-1977) indicates the full period involved, including the beginning and end years.

A full stop (.) is used to indicate decimals.

A comma is used to distinguish thousands and millions.

Reference to "tons" is to metric tons.

References to "gallons" are to British imperial gallons; one British imperial gallon equals 3.785 litres.

The following forms have been used in tables:

Three dots (...) indicate that data are not available

A dash (-) indicates that the amount is nil or negligible

Parentheses around a figure indicate a minus amount

Totals may not add precisely because of rounding.

The following abbreviations are used:

ACM	Arab Common Market
DIA	Department of Industrial Affairs of the Ministry of Commerce and Industry
GCO	Gulf Consulting Organization
IDC	Industrial Development Committee
IDCAS	Industrial Development Centre for the Arab States
IDCB	Industrial Development and Consulting Bureau
SIA	Senior Interregional Adviser

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ABSTRACT

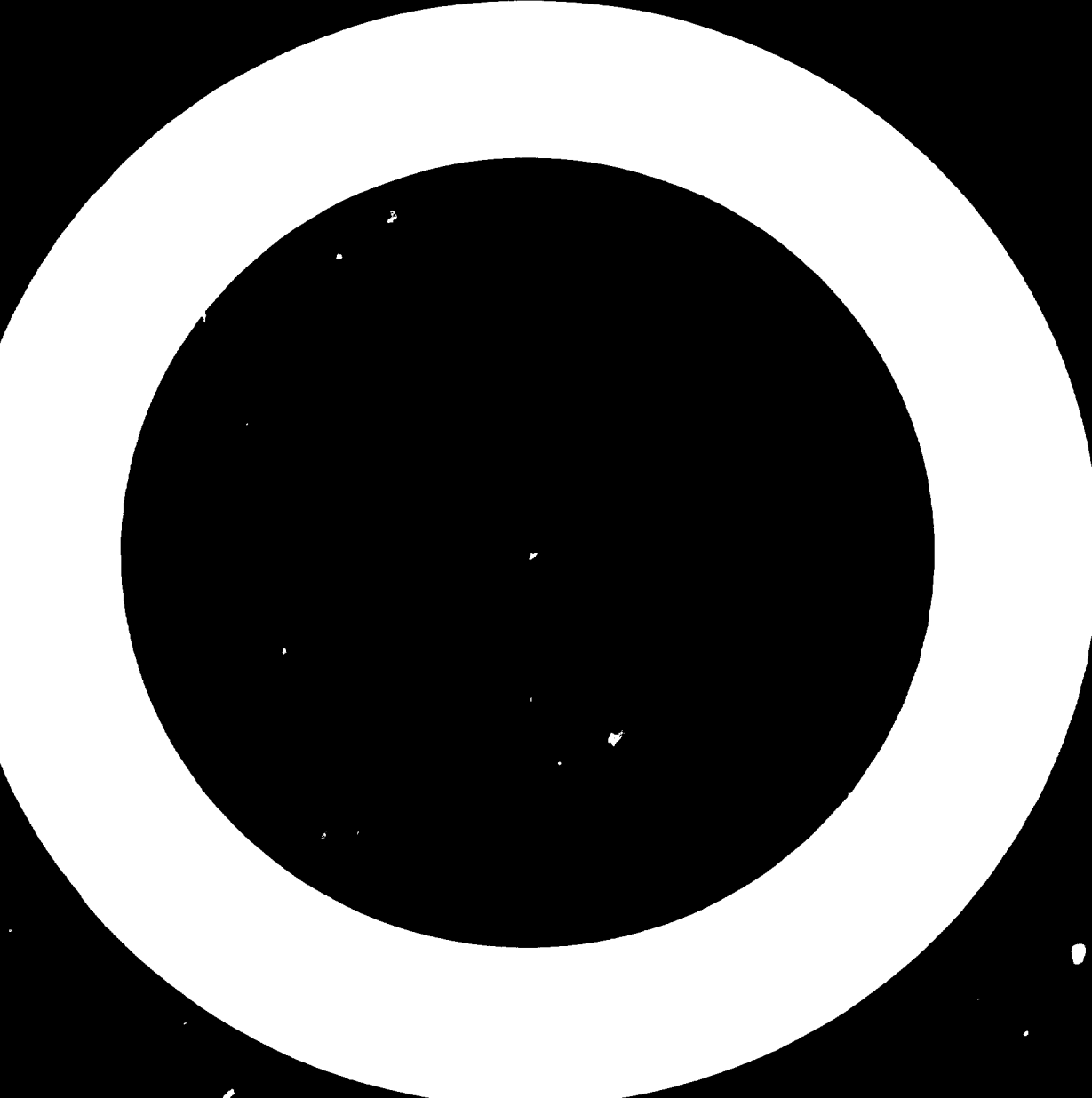
The report summarizes the circumstances that led to the extension of project DP/KUW/11/507, "Industrial Development and Consulting Bureau", into a second phase, the duration of which was two years starting 11 November 1976, and which was implemented by the United Nations Industrial Development Organization (UNIDO).

The Industrial Development and Consulting Bureau (IDCB) was established in 1973 by the Kuwaiti Ministry of Commerce and Industry, the United Nations Development Programme (UNDP) and UNIDO. Phase I of the project DP/KUW/11/507 lasted from mid-1973 until November 1976.

This report gives an account of activities of the IDCB during Phase II of the project TF/KUW/76/001, which began on 11 November 1976 and lasted two years. The Government of Kuwait contributed \$626,000 in cash and KD 150,000 in kind.

The project is a continuation of Phase I with its main objectives and inputs backstopping the Industrial Affairs Department of the Ministry of Commerce and Industry in promoting industrialization as an effective channel of diversification of the country's oil-based economy.

A description of the Bureau's assistance to the Government of Kuwait in matters relating to industrial planning, policies, identification of investment opportunities, project evaluation and training is given. Recommendations for a more efficient approach to industrialization and smoother handling of various operations are made.



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INTRODUCTION

Background

As with the other Gulf oil-producing countries, the economy of Kuwait is heavily dependent on oil and natural gas which generated about 85 per cent of the Government's revenue, according to the governmental statistics, for 1972. This dependence on oil has been increasing, even though efforts to diversify the country's economy have been made. According to the 1974/75 official statistics, 96 per cent of the country's revenue was obtained from oil and natural gas resources, which are not inexhaustible.

During 1973, the Industrial Development and Consulting Bureau (IDCB) was established in collaboration with the Ministry of Commerce and Industry, the United Nations Development Programme (UNDP) and UNIDO to promote industrialization as one means of diversifying the economy of the country. Phase I of the project, which lasted for three years and three months, ending in November 1976, assisted the Department of Industrial Affairs (DIA) of the Ministry, rendering assistance and guidance relative to industrialization. Much progress was achieved during this first phase towards attaining the objectives for which IDCB had been established.

Official arrangements

The time required to promote industrialization, especially in a country that is, by tradition and situation, trade oriented, and to establish proper procedures and regulations, and the desire to follow up and appraise the activities thus far achieved in promoting industries led to the decision to continue with a second phase of IDCB.

Many activities such as identification, preparation, evaluation and implementation of projects required further assistance. Equally important was the assistance needed in connection with industrial policies as well as training for national counterparts of the international experts.

The project document for Phase II of IDCB was signed on 2 November 1976. The Minister of Commerce and Industry represented the Government of Kuwait, and the Resident Representative of UNDP represented UNIDO.

The Government of Kuwait has fully financed the project as Funds-in-Trust. Its cash contribution was fixed at \$626,000, and the in-kind contribution was fixed at KD 150,000.

Objectives

The basic objectives of Phase II of the project were nearly the same as those for Phase I, namely, to assist the Government of Kuwait in promoting industrialization, thus helping to diversify the country's economy, through the identification, evaluation and implementation of industrial projects, and strengthening the governmental capabilities in these fields.

The immediate objectives of the project were:

To assist the authorities in formulating industrial development policies, plans and programmes

To identify investment opportunities in industry by carrying out prefeasibility studies

To evaluate prefeasibility studies and licence applications submitted to the Ministry of Commerce and Industry

To assist, on request, in the implementation of licensed industrial projects

To train national counterparts to take over the activities of the international experts

I. CONCLUSIONS AND RECOMMENDATIONS

Inputs

In view of the increasing activities of IDCB and the number of its experts, counterparts and supporting staff, the space allocated to it, which is only 60 per cent of that foreseen in the project document, has become quite inadequate. It is therefore recommended that seven more rooms be added. As it has proved impossible to have this space provided in the Ministry's building, it is essential to locate IDCB elsewhere. Fortunately, many suitable new vacant buildings exist.

Of equal importance to the efficient operation of IDCB would be the recruitment of the secretarial, administrative and documentation personnel envisaged in the project document, as well as the civil engineering counterpart and the draftsman. The recruitment of a translator (Arabic-English) is also necessary.

National counterparts

The national counterparts appointed during Phase II were all recent university graduates. It is therefore recommended that additional ones with three or four years' experience be appointed. It is also important to encourage the national counterparts to remain with IDCB, since there is a scarcity of qualified Kuwaiti personnel, and they are being offered more remunerative conditions in other institutions and in the private sector. It is therefore recommended that they be up-graded and that IDCB be divided into controllerships so that the national counterparts may look forward to becoming their heads. It is also recommended that they be sent abroad for advanced studies in their fields of activity.

As the ministry is represented on the directing boards of the joint-sector companies, it is also recommended that senior national counterparts be appointed as its delegates, thus giving them opportunities to gain additional income.

Experts

The projected recruitment of international experts was only 66.6 per cent implemented, so certain activities were not completed. It is therefore recommended that the recruitment of all required experts be attended to very promptly in future.

International experts should not be involved in day-to-day, routine work. They should concentrate on research and development activities and on their work plans. The initiation of investment opportunities by carrying out feasibility studies should be attended to, as was done during Phase I.

Activities such as producing country papers for conferences, co-operation activities with the other Gulf countries in industrial development through joint ventures and attending seminars and working groups abroad with their counterparts should be encouraged.

Evaluation of projects

As the evaluation of licence applications and feasibility studies and related activities consume the greater portion of the time available, it is recommended that IDCB evaluate only medium and large-scale projects, whereas extensions of existing industries and small-scale projects, such as those involving investments of less than KD 200,000, should be evaluated by a unit to be established in DIA.

Certain industrial projects have been established without obtaining the necessary licences. It is therefore recommended that no industrial machinery be imported for any purpose without prior permission of the Ministry. Effective measures should be taken to enforce this policy.

Many projects must be discussed with other government institutions. It is recommended that a committee be formed by the Ministries of Oil and of Commerce and Industry, on which IDCB should be fully represented, to discuss current issues concerning the evaluation of the petrochemical industry's projects which are submitted to the Ministry for evaluation. Such a committee could meet every two months.

It is also recommended that a committee be formed between DIA and the Shuaiba Industrial Area Authority, in which IDCB is fully represented, to discuss current issues concerning projects to be located in the Shuaiba Industrial Area. It could meet once every three months.

During Phase II, many queries were asked by the members of the Industrial Development Committee (IDC) regarding marketing analysis in the evaluation reports, so an expert was recruited from the Industrial Development Centre for Arab States (IDCAS) for six months. It has proved appropriate to engage a full-time expert on a long-term basis in IDCB; such an appointment is recommended.

Trade statistics

The Ministry of Planning issues important statistics concerning the import and export of industrial products and commodities. It has been found that these statistics refer to more than one year back; for example, the 1976 statistics have been issued only recently. It is therefore recommended that they be issued every three months, with only one quarter's delay.

The statistics should be more detailed, as it has been often found that a great many products were not included in the import-export statistics, especially in the chemical and petrochemical fields.

It is also important that a classification of the importers should be made and a roster of them be drawn up in the Ministry. Under present regulations, there is no specialization in import activities; the importers deal in practically every commodity.

Initiation of investment opportunities

It has been observed that some investment opportunities initiated by IDCB are applied for only by firms in the private sector which have come to know of them indirectly. It is therefore recommended that projects initiated by IDCB should have a definite procedure for their implementation. It is easy for the Ministry to form joint or private-sector companies to implement such projects. IDCB can play an important role in this regard. This procedure was partially followed during Phase I.

The Ministry may also consider previous recommendations from various circles to establish an industrialization organization to implement feasible industrial projects. This suggestion was included in previous draft five-year plans.

Industrial areas and factory sites

In view of the delay in executing licensed industrial projects, the provision of the newly established industrial estates with the needed infrastructure, especially electricity and water, should be speeded up. Some of these projects were allocated industrial sites in these areas as long ago as 1975. It is also recommended that factory sites be allocated at reasonable rentals to limit their misuse and illegal assignment. This suggestion is already being studied by the authorities.

Library and documentation unit

Owing to lack of space and of a documentation officer, a documentation unit has not been set up. It is expected that necessary space will be provided, so it is recommended that a short-term consultant for six months be recruited to train local staff and to set up proper procedures. It is recommended that UNIDO provide the library and documentation unit with relevant United Nations publications.

Status of IDCB

In order for IDCB to render efficient assistance to the Ministry as an advisory organ in promoting industries, and in view of its activities, it is recommended that it be up-graded. Consideration should be given to giving it a certain neutral and independent character. This could be achieved by making it an autonomous body under the guidance of a board with its own financial and organizational structure. To do so would not only provide the desired flexibility, independence and efficiency, but could also provide incentives to the national counterparts to remain with it.

Department of industrial affairs (DIA)

Space

Although DIA has been strengthened by the addition of certain engineering and clerical staff which have already been interviewed and recommended and to some extent trained by it, limitations of space have hampered any further development. It is therefore necessary to provide adequate room for this important part of the Ministry of Commerce and Industry, which is installed in one half of a floor of the six-storey building, the rest being allocated for the commerce and supply departments. As there is a general shortage of space in the Ministry's building, it would be appropriate to seek adequate space in another building, which could also house IDCB.

Organization

DIA has been newly organized, and some of its departments, controllerships and units do not yet fulfil their assigned roles. It will be necessary, once

the required space becomes available, to request a short-term consultant to study the organization and adapt the present and future staff to their duties. It was the intention of DIA to recruit a short-term consultant specifically to define the roles of the staff of the Productivity Controllership, which has not yet assumed its functions.

It is also recommended that the practical role of the Planning Department be defined and that it be adequately staffed. Also, there should be a small unit to evaluating licence applications for the extension of existing industries as well as of small-scale projects.

More field follow-up for licensed industrial projects is recommended. This could be achieved in collaboration with IDCB personnel. Also, the portfolios on existing enterprises should be completed.

The Standardization Department of the Ministry should play a more active role in the quality control of industrial products. It should have the equipment and laboratories required for this purpose.

The scope of industrial services

It is recommended that the scope of industrial services and assistance to entrepreneurs rendered by DIA be enlarged to include trouble-shooting and assistance in areas of productivity, production costs, management and financial accounts. This work would be carried out in collaboration with IDCB, which has already given assistance in determining the cost of production of certain articles and in assessing assets of an industrial plant.

Documentation and archives

Since certain of its files have become lost, the documentation and archives system of DIA should be reviewed during Phase II. Furthermore, correspondence in English, including letters from international organizations, have often been sent to IDCB without having been opened and registered in the DIA archives. The same has occurred with some correspondence from IDCAS. For these and other reasons, many of the files are incomplete.

Strategies and policies for industrial development

As a result of a report produced by the Ministry of Commerce and Industry with the participation of IDCB, the Council of Ministers, at its meeting of

6 November 1978, decided to form the following two committees:

1. A Committee for the Protection of Local Industries, made up of the members of the Ministries of Commerce and Industry, of Housing, and of Public Works, to study the report and submit recommendations based upon it;

2. An Industrial Development Committee (IDC), made up of members of the Ministries of Commerce and Industry, of Finance, and of Planning, to study the future prospects of industry in Kuwait, its development, reasons for encouraging it, and its relation to the Arab Common Market (ACM).

In view of the foregoing, it is recommended that IDCB be fully represented in both of these committees and that the studies that it and other institutions have produced on the issues raised be reviewed, so that these committees may be able to arrive at proper definitions of the strategies and policies for industrial development in Kuwait, a subject that has been under discussion for several years. These committees should be established at the Under-Secretary level.

Industrial Law

Once these committees have completed their tasks and issued their reports, a specialized committee of experts representing the Ministry of Legal and Administrative Affairs should be set up. The Ministry of Oil and the Ministry of Commerce and Industry should draft a new version of the Industrial Law No. 6 (1965) to reflect the recommendations reached. The next step would be to define the responsibilities and relations of the institutions involved in the industrialization of the country, especially the Ministry of Commerce and Industry, the Ministry of Oil and IDC.

As the membership of the IDC is strictly specified in Industrial Law No. 6 (1965), the new version of the law should include the new composition of the committee to include members from the Ministry of Oil, the Industrial Bank and the Shuaiba Industrial Area Authority. It should also reflect the new suggestions in connection with government protection, encouragement, land allocations to industry, as well as regarding export facilities, including the formation of the newly suggested export-promotion fund.

Industrial Development Committee (IDC)

It is recommended that the Industrial Development Committee have a technical secretariat. During Phase II, IDC often raised questions concerning the IDCB reports submitted through DIA. It is recommended that relevant experts or IDCB staff members attend meetings of IDC to clarify problems that might arise.

It is also recommended that feasibility studies initiated by IDCB be submitted to IDC for its advice. Equally important would be obtaining its comments on studies produced by IDCB concerning the strategies, policies and plans of industrial development that fall within its competence.

II. PROJECT FINDINGS

Summary of project operations

Following its objectives in rendering assistance to the governmental authorities in formulating industrial development strategies, plans and programmes, IDCB has produced several reports dealing with various aspects of industrial development, such as the strategy for the industrial development of Kuwait, collaboration with other Gulf countries, protection of the industry, the pricing of industrial products and commodities and the use of advanced technology.

The industrial section of the programme for 1978/79 of the Ministry was drafted in consultation with the authorities. This included collaboration with IDCAS, which has been an activity of IDCB since its inception.

The identification of investment opportunities in industry was initiated. Six such studies were performed by short-term UNIDO consultants, and two more may be made through IDCAS by direct contracting through the governmental budget. A feasibility study on pesticides and insecticides has been agreed upon and will probably be completed towards the end of Phase II but perhaps later (annex I).

Four industrial surveys have been carried out by IDCB - industrial gases, aluminium products, marble and the printing industry.

The staff of IDCB have evaluated 108 licence applications and prefeasibility studies for new industrial products as well as extensions of existing plants together with their site requirements (annexes II, III and IV). This activity, which takes up most of the time of the IDCB staff, could also be performed by chemists and engineers engaged directly by the Ministry rather than by international experts, who should evaluate only large-scale projects. The international experts were also engaged in much day-to-day routine operational work, which has been the case since the start of Phase I of IDCB in August 1973.

Two fellowships were awarded. One, to a national counterpart chemical engineer, to the United Kingdom, under the project budget. The other, a regular UNIDO fellowship for study in Romania was later refused by the recipient (annex V). On-the-job training has been satisfactory. However, two of the national counterparts were recruited only after the greater part of Phase II had elapsed.

Collaboration among the project personnel and with the Ministry was good. There was also collaboration with other ministries and institutions concerned with industrial development whenever feasible.

Overall results

Most of the work of IDCB was related directly to IDC, especially reports on project feasibility, allocation of industrial sites and the protection of industry. IDC issued its recommendations in the light of the conclusions presented in these reports.

While IDCB has assisted the Ministry in the promotion of industrial development and has achieved its objectives for Phase II of the project, there is much room for improvement by implementing the recommendations that have been made.

To summarize, despite certain shortcomings, it is concluded that the project has been implemented successfully.

Assessment of the project

Analysis and evaluation of staffing and other inputs

Certain of the staffing inputs envisaged in the project document were not fulfilled. Importantly, the international expert requirements were only 66.6 per cent implemented. One of the main handicaps of the project in this regard was the fact that there was no chemical engineering expert during Phase II, although most of the activities of the project lay in this area and in building materials.

One of the difficulties continued to be the time-consuming procedures of the parties concerned, namely, the Government, UNIDO and UNDP. The collaborative mechanism must be shortened and simplified. Of equal importance is the clarification of the relations, duties and responsibilities of all parties involved in or concerned with the project.

On the local inputs side, the staffing of IDCB could have been a great deal better. Secretarial, documentation, civil engineering and administrative personnel were not appointed. National counterparts were not engaged to the extent foreseen in the project document, for example, although two chemical engineering national counterparts were appointed, none of the mechanical and civil engineering ones were. The latter could have assisted effectively in matters relating to site allocations and construction estimates.

As has been noted, the national counterparts appointed during Phase II were all recent university graduates; it would have been preferable for them to have had a few years' experience. The situation was not entirely unsatisfactory, however, considering that local recruitment was only 77 per cent implemented because of the appointment of personnel not envisaged in the project document. As the present report was being written, the two national counterpart industrial economists left IDCB for the Ministry of Planning. Also, the present librarian and one of the typists will soon leave to continue their education.

The space made available for IDCB was inadequate. Proper solutions to all of these problems are essential if working conditions are to be improved.

Policies and strategies for industrial development

Kuwait has no established policy for industrialization. No plan for industrial development has yet been approved, although two five-year plans had been drafted previously; the latest one, that for 1976-1980, was made in collaboration with IDCB. It has been announced that a new five-year plan for 1980-1985 is to be made in collaboration with the World Bank. Kuwait is therefore proceeding with its industrial development on a project-to-project basis. The only existing legislation concerning industry is the Industrial Law No. 6 (1965).

During Phase I of the IDCB project, suggestions were put forward to introduce certain modifications in this law with a view to setting up a clear policy for industrial development and defining the authority and relations of the relevant institutions and to rectify the shortcomings of the law, including the restructuring of IDC and revising the protection of industry. These and other suggestions of IDCB have been put forward in the programme of the Ministry of Commerce and Industry for 1978/79.

It would be appropriate to form a committee representing the Ministries of Commerce and Industry, of Legal and Administrative Affairs and of Oil to draft the new version of Industrial Law No. 6. This committee would probably seek the assistance of relevant expertise.

Reports and publications prepared

In pursuance of its objectives of assisting the authorities in formulating industrial strategies, plans and programmes, IDCB has produced

several reports relating to them. The Ministry's programme for 1978/79 industrial affairs was drawn up by IDCB. It included an updating of the five-year plan for industrialization and, among other activities, made 15 feasibility studies.

During Phase II, IDCB has produced many papers in connection with strategies and policies of industrial development (annex VI). Among the more significant ones was a study on industrial development analysis and strategies. The study consists of four major inter-related sections, each concentrating on the exploration of one of the main aspects of the previous development of industry in Kuwait and extrapolating up to the year 2000. The study deals with the following subjects:

1. Analysis of industry in Kuwait. This section deals with the emergence of industry, the type of industrialization, industrial estates, the characteristics of industry, industrial organization, analysis of the market for industrial goods, analysis of the factors of production involved and of the rewards they receive at the market and, finally, the management of the industrial sector.
2. Evaluation of the existing industrial policies and plans with a view to developing a strategy for industrial development in the next decade.
3. Government subsidization of industry in Kuwait. This section comprises an illustration of the various kinds of subsidy, both theoretical and practical. It also quantifies subsidies and estimates the total amount involved. It concludes with summarized definite proposals and recommendations for the development of a new system of subsidies.
4. The last section deals with the development of the Gulf states market for industrial goods produced in Kuwait within the framework of co-ordination and integration that has been so far erected in the Gulf area. This study specifies and envisages the future trends and prospects for the industrial goods of Kuwait in the Gulf area as well as in the Arab and other potential foreign markets and the requirements for attaining such goals.

IDCB also produced a study on pricing policies in the State of Kuwait, discussing the concept of policies - marketing policies in general and pricing policies in particular - and the situation in Kuwait. The study is based mainly on field research, concentrating on the following:

The policy of subsidizing certain industrial products

Consumer-protection policies

Seasonal sales discounts

Selling by instalment policies - the general findings and recommendations concerning the fixing and publication of prices, controls and other governmental measures were set out

IDCB has been involved in co-ordination activities with the Gulf countries through IDCAS and the newly established Gulf Consulting Organization (GCO). It is the firm belief of IDCB that this co-ordination should be encouraged and strengthened. A country paper dealing with co-operation and co-ordination among the Gulf states in the field of industrial development was also produced by IDCB.

During Phase II of the project, IDCB has also carried out several studies related to protection of industries. Its recommendations concerning ending or continuing or increasing custom duties on certain local industries were agreed upon. New measures were also suggested.

IDCB also drew up the country paper on the strategy of industrial development of Kuwait that was submitted to the Fourth Arab Industrial Development Conference in Bagdad in December 1976, and many other papers related to policies, strategies, plans and programmes of industrial development. Future plans for Kuwaiti industrialization should no doubt be directed principally to the development of petrochemical industries such as the basic olefins and aromatics.

Although a great deal of literature on industrialization has been produced by various authors and organizations, the main issue still remains that a definite policy and plan for the future industrial development of Kuwait has never existed. It would therefore be appropriate for such a document to be produced.

In June 1978 the Council of Ministers decided that a committee composed of members of the Ministries of Commerce and Industry, of Planning and of Finance be formed to study the future prospects of industry in Kuwait, its development, encouragement and relations with ACM.

The Council of Ministers also decided, on the basis of a study in which IDCB had participated, to encourage and protect local industries and to form a committee composed of the Ministries of Commerce and Industry, of Public Works and of Housing to review this subject.

Identification of investment opportunities

Pursuant to the objective of IDCB to identify investment opportunities in industry by performing prefeasibility studies, it has undertaken six, with the aid of short-term UNIDO consultants. They dealt with the production of the following goods: petroproteins, ordinary and toilet soaps, cosmetics, synthetic leather, synthetic fibres and textiles, and the manufacture of inks, carbon paper and duplicating stencils. The first five of these have been completed, and the last was under way as the present report was being written. The formalities for the first two were initiated during Phase II. Most of the proposals studied were considered to be feasible and were placed at the disposal of DIA.

These projects were selected from among those included in the work programme of the Ministry, in the formulation of which ICDB had participated. Most of them are primarily for import substitution, but the petroprotein project is intended for export and depends on local raw materials. The projects chosen during Phase I and Phase II, if implemented, will increase the integration of the industrial sector.

The work of the international experts and of the national counterparts assigned to them was supervised by IDCB, whose own experts participated in the work and rendered all possible assistance.

Unlike the situation in Phase I, the IDCB experts have not made prefeasibility studies themselves, having been occupied with other activities that consumed the time available, including day-to-day routine work, a situation that must be remedied in the future so that the experts will be able to attend to this important input of the work plan. Also, the failure to recruit the chemical engineer and the very late recruitment of the industrial economist have placed a heavy burden on the Project Manager and the expert mechanical engineer.

During Phase I, the ICDB experts produced 14 prefeasibility studies. Most of these projects are now under implementation. The production of sanitary ware and ceramic wall tiles has already started. Similarly, most of the projects initiated by the IDCE and carried out by UNIDO short-term consultants or IDCAS experts are now being implemented. Furthermore, the projects initiated by IDCB during Phases II are now under consideration. The

petroprotein project is being dealt with by the Ministry of Oil, the private sector has applied for licensing of the soap manufacturing project, and the others are also under consideration.

During Phase I IDCB used the services of the UNIDO Senior Interregional Adviser (SIA) for fertilizers and petrochemical industries to study the prospects for the development of these industries and to identify investment opportunities in them. It is of interest that many studies indicated in the report of the SIA have been submitted by the private sector to the Ministry for evaluation and licencing during Phase II. Among them are such projects as those for the production of alkyd resins for paints, unsaturated polyester resins for boats, furniture, and reinforced glass fiber products, polystyrene and its products, and terephthalic acid. Some of these projects have already been licensed, for example, those on alkyd and unsaturated polyester resins. Others are being evaluated.

Other institutions concerned with industry also assist in identifying investment opportunities in industry. The Industrial Bank has submitted applications for certain projects which have been evaluated by IDCB. Licences have issued for projects among them those for the production of desalination machinery and of hydrazine.

The identification and initiation, by IDCB, of investment opportunities through subcontracting as required by the project document has been largely complicated by the difficulties raised by the Department of Technical Co-operation of the Ministry of Planning, which has always held the view that these expensive studies could be made by short-term consultants. IDCB has experienced certain difficulties in carrying out, by subcontracting, a study for the production of sea water chemicals from the Gulf, which was found to be feasible according to previous prefeasibility studies.^{1/} Also, a study for the production of polyvinyl chloride has not yet been agreed to although it was suggested in February 1978.

However, the subcontracting component of the project budget will be used to carry out a feasibility study for the production of insecticides and pesticides, mainly for export, and for which all local formalities were concluded during June 1978. It is expected that this study would be completed towards the close of Phase II or later. It is therefore suggested that prefeasibility studies

^{1/} See the prefeasibility study (Report No. T/MB-GM-B 72) on this subject by H.H. Werner (1973).

for projects identified by IDCB should be carried by its own experts or by short-term consultants from UNIDO or IDCAS and that as few feasibility studies as possible should be done through subcontracting.

The identification of investment opportunities for joint-venture projects within the Gulf and Arab world was not given a prominent role during Phase II, although IDCB was heavily involved in several other co-ordination activities. This work has been carried out by funds and investment companies in Kuwait. Similarly, large petrochemical complexes in Kuwait and other investment opportunities abroad in this and other fields are dealt with by other ministries and institutions. IDCB has only commented on a possible joint n-paraffin plant to be established in the German Democratic Republic.

However, the private and joint-sector companies are playing effective roles in establishing joint-venture projects with the Gulf and Arab countries, especially in the building materials industries such as cement, sand, lime bricks, glass and sanitary ware, and a wood-processing complex to be established in Malaysia.

The role of the Ministry in following up the studies initiated and completed by IDCB has not been clearly defined, but somehow private or joint-sector companies have submitted licence applications for such projects that were not exactly based on the studies produced. This was also true during Phase I.

It is suggested that the Ministry should, officially, take the initiative in establishing industrial projects based on their identification by IDCB. This could be achieved by setting up an organization to carry through the industrial projects that are initiated, as is done in some other Gulf countries. This work could also be carried out with the assistance of IDCB.

Evaluation of licence applications

The evaluation of feasibility studies and applications submitted for licencing is carried out by IDCB, the Project Manager, international experts and their national counterparts. This activity, which is directly the concern of IDC, together with other related activities, consume the major part of the time of IDCB.

IDCB evaluates all sorts of projects, in all sectors of industry, small, medium or large-scale since, according to the Industrial Law No. 6 (1965)

governing industrial development, evaluations of all projects by IDCB must be submitted to IDC for licencing. IDCB is the organ of the Ministry in this regard.

During Phase II a subcommittee of IDC was formed to review the manual for evaluating reports submitted by IDCB through DIA, with the required recommendations. Together with IDCB, this subcommittee has introduced a new style for reporting project evaluations. It usually covers 32 pages for each project, treating in detail all aspects of the evaluation, including marketing, technical, economic and financial considerations. Recommendations as to product specifications, quality control, the prevention of pollution and industrial safety are made.

All evaluation reports were treated positively, but, during Phase II, many were kept by the committee for further review, especially for more detailed market studies. In general, most of the recommendation of IDCB were adopted. In this connection, it is suggested that IDCB should only evaluate medium-scale and large-scale projects. Small-scale projects should be evaluated by other staff of DIA.

Also, since marketing studies require in-depth investigation and, usually, elaborate field research, and because of the difficulties in obtaining certain information, especially as regards possibilities for export, the engagement of a marketing expert in ICDB to assist the other experts to ascertain market potentials was suggested. This proposal was accepted, and a marketing expert is to be recruited directly through the budget of the Ministry.

Although evaluation reports are carried out by the IDCB staff, none of them, including the Project Manager and the National Director, attend meetings of IDC, so many questions remain unanswered.

In the terminal report on Phase I of the project, it was suggested that IDC should have a technical secretariat. Other suggestions were made concerning the tasks and restructuring of IDC. These suggestions have been included in the programme of the Ministry for 1978/79 and will probably be implemented in due course.

During Phase II of the project, IDCB has evaluated 108 projects involving an investment of approximately KD 289 million and will require a work-force of about 7,600. Of these projects, 63 were licensed, involving a total investment of approximately KD 142 million and requiring a work-force of about

4,000 (annex II). In addition, 23 more projects are under consideration by IDC. They involve investments totalling about KD 128 million and a work-force of about 2,600. One of these projects is a re-studied aluminium smelter costing about KD 19 million and a labour input of approximately 1,000 persons (annex IV). Several other projects are being prepared for evaluation by the staff of IDCB.

During Phase II, IDCB has been more active in evaluating projects than it was during the three years of Phase I, even though the planned recruitment of international experts was only two-thirds implemented.

Evaluations of industrial projects submitted to IDC are often followed up by memoranda in reply to questions that it has raised. Some projects have been evaluated more than once owing to the submission of new feasibility studies.

Some examples of the projects evaluated are the following:

Examples of projects evaluated

A feasibility study on the production of glass fibre, roving filaments, chopped strands and mats with an annual production capacity of 2,000 tons, involving an investment of KD 1.5 million

A feasibility study of a plant for the production of hydrazine with an annual capacity of 10,000 tons, involving an investment of KD 13.8 million

A feasibility study of a project to produce, annually, 11,550 tons of alkyd resins and 1,500 tons of unsaturated polyester resins, involving an investment of KD 3,450,000

A report on the feasibility of the production of desalination machinery and equipment with an annual capacity of three units of 6 million Imperial gallons (27,276,000 litres) each and 2,000 tons of steel fabrication per year, involving an investment of KD 12 million

A feasibility study on the production of copper bars and tubes with an annual capacity of 10,000 tons, involving an investment of KD 9 million

A feasibility study on the annual production of 431,000 tons of pozzolana, 127 million standard-size bricks (200 x 108 x 57 mm) and 11 million lightweight pozzolana blocks (200 x 200 x 400 mm), involving a total investment of KD 34 million

A feasibility study on a new dairy and ice cream plant with an annual capacity of 75 million litres of milk and milk products and 10 million litres of ice cream, involving an investment of KD 10.6 million

A feasibility study on the production of prefabricated buildings, with an annual capacity of 70,000 m³, involving an investment of KD 1.75 million

A feasibility study on the production of electric light bulbs and fluorescent lamps, with an annual production capacity of 15 million units, involving an investment of KD 2.5 million

A feasibility study on the production of carpets, with an annual production capacity of 540,000 m² of wall-to-wall carpeting, involving an investment of KD 1.3 million

As can be seen here and in annexes II, III and IV, most of the projects that were evaluated fall within the building materials, chemical or petrochemical industries.

Examples of projects that were under evaluation by IDCB as the present report was being written are:

The production of caprolactam, with a capacity of 50,000 tons/year at an investment cost of KD 33 million

The production of terephthalic acid, with a capacity of 25,000 tons/year at an investment cost of KD 7,897,000

The production of locks and padlocks, with a capacity of 250,000 units/year with an investment cost of KD 725,000

IDCB is also engaged in certain other activities related to the establishment of new industrial projects.

Industrial surveys

It is often necessary to assess the situation of certain industries so that projects in excess of requirements will not be licensed. IDCB is often engaged in surveying such situations.

During Phase II IDCB made, with its own staff, industrial surveys for the industrial gas industry, the aluminium building materials industry (doors, windows, partitions and the like), the marble industry and the printing industry. Because of the finding of these surveys, the further licensing of projects in these sectors was stopped, since there was over capacity in all of them.

IDCB has suggested to DIA that industrial surveys should be carried out in the chemical, foodstuff and engineering industries through subcontracting with IDCAS on the budget of the Ministry, which has been agreed to in principle. These studies are likely to be completed during 1979.

Industrial surveys are also of importance in co-ordinating industrial development and integration among the Gulf countries. This concept is gaining increasing support among the authorities of these countries.

Factory sites

In order to promote industrial development, the Government of Kuwait has established several industrial areas in which various industries are located. New industrial areas at Mena Abdulla and east of the Kuwait City airport have not yet been provided with the necessary infrastructure that already exists in other areas such as Shwaikh and Shuaiba. The speeding of the provision of infrastructure to the areas in which most of the new industries are to be located is of vital importance for the proper implementation of new industrial projects.

Factory sites and their utilities, such as electricity and water, are highly subsidized. Factory sites are granted at the nominal rate of 50 fils/m² in the Shuaiba Industrial Area and only 3 fils/m² in other areas. As a result, the price of land adjacent to industrial areas in which factory sites have been granted have risen sharply. IDCB has been heavily occupied in assessing the land requirements of industrial projects for which reports have been submitted to IDC and submitting the necessary recommendations.

• Lack of space in the Ministry building has hindered the concentration of all activities related to site assessment, location and distribution in the Ministry of Commerce and Industry, as had been decided by the Council of Ministers a long time ago.

Owing to the improper use of sites allocated for industrial projects and the habitual exaggeration of site requirements for industrial projects, ICDB has put forward a number of suggestions, which are being studied, concerning the conditions under which sites should be allocated for industry.

In April 1978, the Council of Ministers decided not to distribute land for any project until it had been completely studied by a committee made up of the authorities concerned.

The execution of industrial projects

The project document specifies that an immediate objective of IDCB is to provide, upon request, assistance in the various stages of project implementation. In fact, it provides such assistance, starting with the licence application and preparation of the feasibility study. During Phase II, IDCB continually received

entrepreneurs, consultants and machinery suppliers to discuss, clarify and advise on many aspects relating to their projects. It has also assisted in specific cases, on request, in revising specifications, negotiating with tenderers and concluding contracts.

The follow-up of project execution is carried out by the follow-up controllership of DIA which, in a number of cases, has withdrawn the licences granted because the contractors were not serious in executing their projects. Field visits were occasionally carried out.

The time between the submission of a licence application and when the project goes into production is rather long. For medium-scale projects it can be four or five years or even longer, since certain factors hamper the speedy implementation of industrial projects. For example, the feasibility studies submitted with the licence applications were not always up to standard; in many cases they required revision and completion. Also, once the licence has been granted, the appointment of consulting engineers, negotiations with bidders and the signing of contracts also take rather long, owing to the lack of experience of some of the entrepreneurs.

The inadequate infrastructure of the new industrial areas in which factory sites are being allocated is another serious factor hindering speedy execution of projects. Since 1975, the Ministry has granted several licences for industrial projects in the new area east of the Kuwait City airport, the execution of which has been seriously delayed for lack of electricity and water. In this connection, it was again suggested that an organization for industrialization be established for the adoption and execution of industrial projects.

The Industrial Bank of Kuwait plays an important role in financing extensions of existing industries as well as new industrial projects. According to the bank authorities, since its start - towards the end of 1974 - to 1977, 85 projects, mostly new ones, with a total investment of about KD 135 million have been financed by the bank to the extent of about KD 64 million.

The encouragement and protection of local industries

The Government of Kuwait spares no effort in supporting, encouraging and protecting local industries. During Phase II, IDCB has been engaged in various aspects of this subject.

The encouragement of local industries is illustrated by the Government preference of local industrial products in all governmental uses. In certain cases, exemptions from bidding and contracting through direct ordering have been granted for new industrial products.

Factory sites, electricity and water are provided at only nominal rates. Machinery, spare parts and raw materials for new industries are exempted from customs duties, for existing industries the customs duties on these items are very favourable. No taxation is imposed on companies or individuals.

Protection for many industries is provided through increasing custom duties on competitive imported industrial products from the normal rate of 4 per cent to 15 per cent. Suggestions to raise this limit to 20 per cent have been submitted to the authorities by IDCB, together with changes in the conditions under which such protection should be granted, mainly regarding product quality, years of operation, share in the local consumption and the cost of production. In only very few cases has the Government decided to ban imports of competitive products such as asbestos and steel pipe.

Suggestions for promoting exports were also put forward by the Ministry, including the creation of an export development fund. Once the protected industry has properly developed and proved to be successful, the protection provided by increasing custom duties on competitive imported products is withdrawn. IDCB has, during Phase II, produced several reports in this connection, and its recommendations have been adopted.

The Council of Ministers is the authority concerned with the encouragement and protection measures for local industries. All reports on the subject are referred to it.

Co-operation with other Gulf countries

Industrial co-ordination and integration among the Gulf countries is becoming of increasing importance. The availability of capital for industrial development as well as the availability of the same raw materials, primarily petroleum and natural gas, might lead to unfavourable competition in establishing export-oriented industries. Also, the small local market and the shortages of both labour and management in the countries involved make co-ordination and integration among them a clear necessity. IDCB has been involved in certain studies in this regard, including a country paper.

Assistance was given to IDCAS and the relevant experts in preparing relative studies for the Gulf Consulting Organization (GCO).

The Bureau has also rendered assistance to the Undersecretary for Industrial Affairs representing the State of Kuwait on the board of GCO through studying and commenting on programmes and studies to be executed by this organization which, it is hoped, will play a prominent role in the industrial co-ordination and integration of the Gulf region.

Training

The training of national counterparts has been well attended to during Phase II, so that they may eventually take over the activities of the international experts.

On-the-job training has proceeded satisfactorily. The national counterparts have produced certain evaluation reports as well as site-allocation studies. They have also performed inspection visits to various projects for many purposes. The national counterparts attended meetings and participated in the work of IDCB.

During Phase II, the former national counterpart of the Project Manager was promoted to Assistant Undersecretary for Industrial Affairs and later left the Ministry for a more remunerative position in the private sector. The national counterpart mechanical engineer took over as national counterpart to the Project Manager. Also, one of the national counterparts with IDCB was promoted to be the chief of a controllership in DIA. During Phase II, IDCB also trained a number of staff members for DIA.

The fellowships provided in the project budget were granted, but since most of the national counterparts in IDCB were recent university graduates, this component of the budget may not be fully expended by the end of Phase II. Two fellowships were awarded, but one of them was declined (annex V). A third fellowship is being arranged for the counterpart mechanical engineer, but it will probably be awarded at a later stage.

IDCB has also assisted in training certain officials from other Gulf states on an exchange basis.

Other activities of IDCB

IDCB co-operates with other institutions concerned with industry, and in particular the Industrial Bank, the Ministry of Oil and the Shuaiba Industrial

Area Authority. The comments of the Ministry of Oil were regularly received on the licence applications and studies concerning the petrochemical industries. Pharmaceutical projects were referred to the Ministry of Public Health.

The Shuaiba Industrial Area Authority was requested to comment on industrial projects to be located in that area. Comments of these institutions were taken into consideration in the evaluation studies of IDCB.

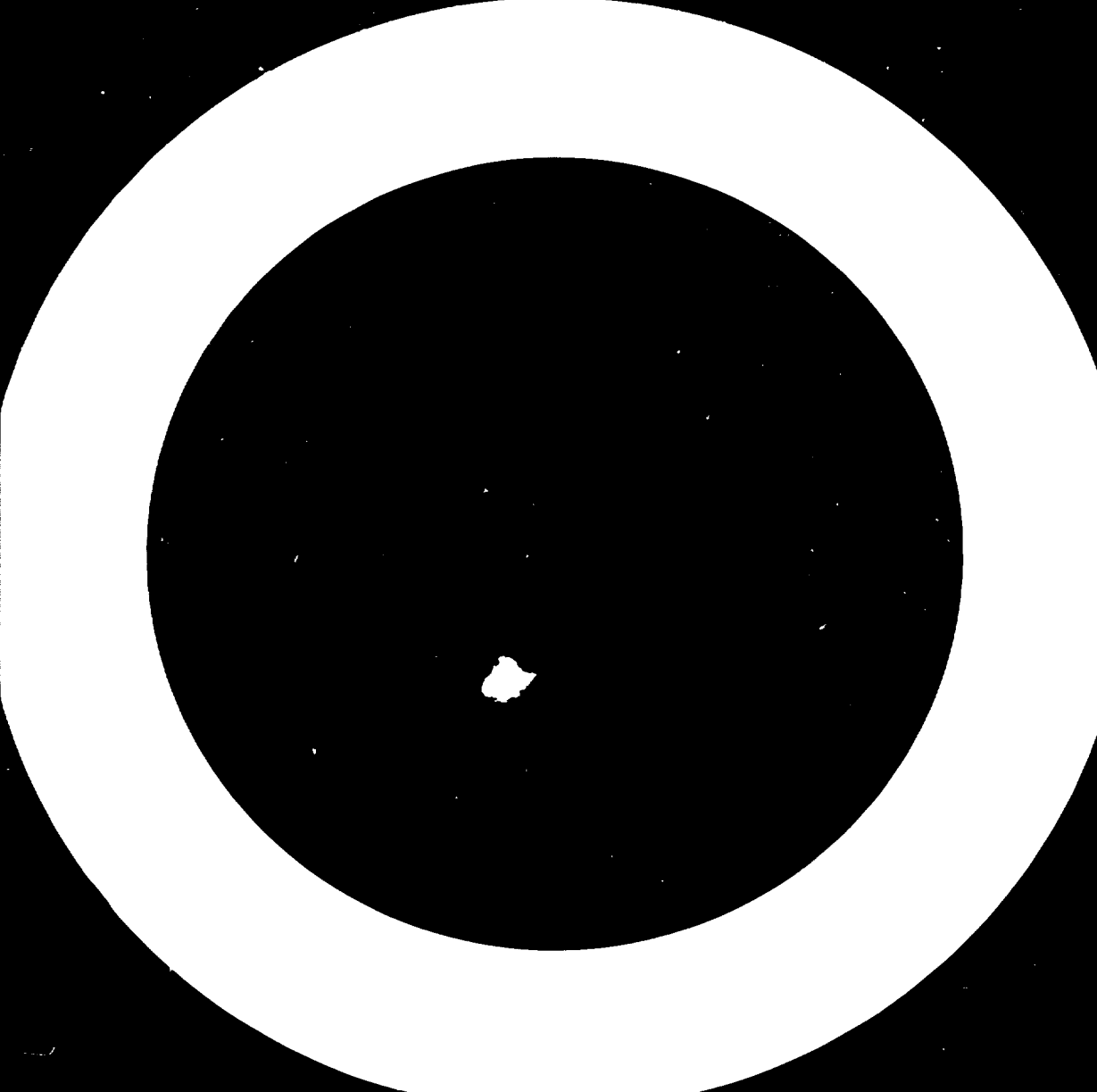
IDCB also co-operated with the Scientific Research Institute in seminars that it initiated on the production of petroproteins, a project that had been studied by the bureau. It also produced a Kuwaiti paper on science and technology.

IDCB also co-operated with experts of the Organization of Arab Petroleum Exporting Countries in certain cases. It gave assistance to the United Nations delegations who visited Kuwait for various purposes, such as a delegation from the Food and Agriculture Organization of the United Nations on Fisheries and another from the World Bank for industrial areas and allocation of industrial sites.

Other activities of the IDCB include representing the Ministry at meetings with other governmental bodies such as the Ministries of Planning, of Labour and of Foreign Affairs, the Administration of Agriculture, the Shuaiba Industrial Area Authority and the Kuwait City municipality. It also participated in meetings, seminars and conferences relating to regional, interregional and international co-operation and industrial development.

Although the IDCB has been adhering to its work plan as feasible, considerable day-to-day routine work was regularly referred to it. This situation should be corrected.

Co-operation between the international experts, their national counterparts and among personnel of IDCB was satisfactory, as it also was between IDCB, the departments of the Ministry and other institutions concerned with industrial development in Kuwait.



Annex I

FEASIBILITY STUDIES INITIATED BY IDCB (1976-1978)

1. A study on the production of petroproteins carried out by R. Young, involving an investment of KD 100 million for both petroproteins and an accompanying methanol production plant with a capacity of 300,000 tons of petroprotein. The work-force required is estimated at about 120 persons.
2. A study on the production of ordinary and toilet soap carried by A.M. Abou Shadi, involving total fixed and working capital requirements for the first 30 months of KD 2.7 million and a work-force of 70 persons.
3. Technical report: Feasibility study for setting up a factory for manufacturing cosmetics, carried out by A. Fishman, involving an investment of KD 825,000 and a work-force of 100 persons (UNIDO/IOD/187).
4. Technical report: Artificial leather manufacture, carried out by Bo Lundén, involving an investment of KD 500,000 and a work-force of 33 persons (UNIDO/IOD/170).
5. Technical report: Feasibility study on synthetic fibres and textile manufacture, carried out by R.D. Evans, involving a total fixed investment of KD 10,451,000 and 348 operating and maintenance personnel.
6. A study on the production of printing ink, duplicating stencils, carbon paper, pad inks and typewriter ribbons. This study is being carried out by R. Chatterji.
7. A study on the production of pesticides is to be subcontracted.

Annex II

EVALUATED PROJECTS APPROVED BY THE INDUSTRIAL DEVELOPMENT COMMITTEE
DURING PHASE II

Project	Major products	Annual production	Total labour requirement (persons)	Total Investment (KD)	Annual profits (KD)	Gross value added (KD)
Youssef El Hamed Glass Fibre Co.	Glass fibres, filaments, rovings, mats	1 800 tons	116	1 531 000.	206 200	739 200
Reinforced Plastic Pipe Co.	Pipes, tanks and silos	75 kilometres of pipes (500-, 1,000, 1,500-mm diameter) 112 silos (300 m ³ capacity) 900 Tanks (30 m ³ capacity)	107	4 000 000	966 600	2 212 600
Ballasim Electric Bulb Lamps Company	Fluorescent lamps, electric ballast (shock coil)	8.5 million fluorescent lamps 1.5 million bulb lamps 500 000 electric ballasts	122	2 727 000	282 000	778 500
Steel Construction Company	Steel fabrication	40 000 tons	429	4 870 000	218 000	1 744 000
Kalaf and Solim Tile Factory	Mosaic tiles	3 million tiles	16	197 000	55 600	105 000
Nakib Ornamented Brick Factory	Ornamented cement bricks	600 000	10	65 000	18 600	36 000

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
El Mohaeta Factory for Cement Bricks	Cement blocks	7 million blocks	14	425 000	50 000	...
Abdulla Al Rashed Brick Factory	Cement blocks	3 million blocks	10	245 000	62 400	106 000
Gamlen chemicals Company	General cleaners, corrosion inhibitors, water- treatment chemicals	1 000 tons	30	219 400	58 000	...
Ekab El Khatib Establishment for Wooden Furniture	Wooden furniture for hotels, homes hospitals and schools	2 000 tons of furniture	88	1 185 280	367 583	670 910
The Kuwaiti Company for Carbon Black	Carbon black	14 600 tons	49	1 610 000	154 000	692 600
Darin Company for General Trading	Disposable plastic syringes	60 million	54	2 081 800	177 000	800 400
The Kuwaiti Company for Building Materials	Cement facing bricks	100 million bricks 222 x 108 x 67 mm	76	2 212 000	418 000	1 009 000

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
El Gil Company for Duplicating Paper	Duplicating paper for photocopying	360 tons	34	323 000	39 700	186 000
Towel Manufacturing Plant	Dobby, and Jaquard terry towels	300 tons	52	346 000	60 600	164 200
Gas and Fluid Filters Company	Oil, gas, air and water filters	350 000 oil filters 140 000 air filters 80 000 water filters 80 000 fuel filters 50 000 water filters (domestic)	39	474 000	63 000	192 150
Abu El Naby El Saraf Electric Establishment	Chandeliers and table lamps	35 chandeliers and 4 000 table lamps (total weight 90 tons)	25	143 700	32 700	935 000
Kuwait Company for Woven Carpets	Wall-to-wall and oriental carpets	540 000 m ² wall-to-wall carpeting, 280 000 m ² oriental carpets	79	1 345 685	280 606	508 396
Aluminium El Bahr	Windows, doors and partitions from aluminium profiles	161 tons	31	172 000	10 200	88 000
Mobarakia Company for Feeding Broilers and Layers	Feeds for broiling and laying chickens	8 600 tons	10	314 500	132 000	166 000

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Kuwait Roofing Tile Company	Ceramic roofing tiles	2.4 million tiles	11	179 000	126 500	176 000
Sedrawi and Doeig Tile Company	Mosaic tiles	7 million pieces	17	261 000	185 000	...
Aluminium Al Issa	Aluminium windows, doors and partitions	2 000 doors 8 000 windows 5 000 m ² partitions	15	111 000	64 000	...
Nassar Brick Factory	Tiles and cement bricks	3.6 million mosaic tiles, 3.4 million cement bricks	21	358 000	150 000	...
Aluminium El Agngary	Windows, doors, partitions and grilles	20 000 units	23	112 000	156 000	196 548
Bondy Cement Products Factory	Cement bricks	2 880 000 blocks	12	241 000	42 000	78 000
Anwar Al Atiki Bricks and Tiles Company	Cement blocks and mosaic tiles	2 880 000 blocks 3 500 000 tiles	21	374 000	138 000	216 300
Fatma El Ghanem Company for Commerce	Mosaic tiles	4 300 000 tiles	12	490 000	101 000	...

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Abd El Fatah Ahmed Factory Establishment for Polymers	Polypropylene yarn	338 tons	31	266 800	53 789	...
Abd Alla Dakhil El-Rashid Factory for Reinforcing Steel Mats	Steel mats	5 000 tons	30	481 000	110 000	218 880
Khabbaz, Ghanem and Matrook Artificial Marble (3 projects)	Artificial marble	180 000 m ²	17	319 000	169 000	221 200
The Adhesive Tapes Company	Tapes: adhesive, PVC, paper, elastic and cotton	509 000 units	10	110 000	Loss	
The Kuwait Company for Chemical Industries	Alkyd and unsaturated polyester resins	11 500 tons of alkyd, 1 500 tons of polyester resins	56	3 459 000	473 000	1 432 500
United Kuwait Company for Milk	Milk	7 500 litres of milk, 572 kg of meat, 10 500 kg natural manure	72	6 198 000	697 000	1 005 000

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Bulk Cement Terminal of the Kuwaiti Cement Company	Packed cement	500 000 tons	37	5 910 000	756 000	...
Kuwait Company for Carpets	Wall-to-wall carpets	1 750 000 m ²	130	2 592 000	404 000	793 500
Kasem and A. Hassan Bolend Maize Cakes	Cornmeal wafers	333 tons	37	224 000	26 500	123 400
The Kuwaiti Company for Metals	Copper bars and tubes	10 000 tons of bars 4 500 tons of tubes	150	9 000 000	688 000	2 268 160
Kuwaiti Gypsum Company (Issa Bahman)	Gypsum	400 000 bags	18	451 558	190 075	295 300
Kuwait Company for Manufacturing TV Aerials (Ahed El Khateeb)	Television antennas	50 000 pieces	30	242 000	18 000	91 225
Kuwait Hydrazine Company	Hydrazine	8 500 tons	97	13 816 000	2 060 000	4 743 950
Fawzi Thanian El Ghanem Establishment	Fencing, wire nets	153 000 m ²	5	54 600	22 600	38 650
Adhesive Tapes Company (Mohammed Ali)	Adhesive tapes	470 400	11	107 600	26 100	54 600

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Mansour Bander Chips Factory	Potato chips	500 tons	24	226 000	26 000	106 500
Building Materials Manufacturing Company	Artificial gravels, pozollana and bricks	864 tons of artificial gravel, 431 tons of pozollana, 127 million bricks, 11 million lightweight bricks	397	34 289 000	3 915 000	7 807 000
Transport and cattle Trading Company	Minced and prepared meat	600 tons	26	265 000	19 000	75 000
Exhaust Tubes and Muffling Boxes Factory	Mufflers and exhaust pipes	15 000 units	36	270 000	61 600	161 000
Abdel Aziz Al Wazzan Establishment	Marmelade	3 000 000 small plastic cans	11	94 000	11 300	37 000
Butane Gas Cylinders Company	Butane gas cylinders (26.2 litres)	100 000 units	70	1 100 000	53 350	259 300
Danish Kuwait Dairy Company Ltd.	Milk and its products	75 million litres of milk and milk products, 10 000 litres of ice cream	402	10 636 000	822 000	2 819 000

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Wool Weaving Plant	Camel-hair fabrics	377 000 metres	24	1 230 000	108 700	240 570
Naif Poultry Project	Breeding layers to produce eggs	13.5 million eggs	25	629 000	52 000	176 000
Kuwait Company for Manufacturing Natural Stones	Natural stone	30 000 m ²	18	155 000	25 460	86 900
Spring mattresses	Single- and double-bed mattresses	20 000	24	255 000	47 000	96 175
Spring Mattresses	Single- and double-bed mattresses	25 000	28	275 000	32 100	101 300
Paper Conversion Plant	Paper sheets and rolls	25 000 tons	57	3 300 000	604 000	810 760
Precast concrete elements	Concrete columns, slabs and cross beams	70 000 m ³	137	1 750 000	380 600	1 084 750
Wazan United Trading Company for the Plastics Industries	Plastic ropes, household items	587 tons of plastic ropes, 430 tons of plastic household items	72	798 000	79 000	303 500
Sadawi Factory for Ice Production	Ice	300 000 ice blocks of (7 500 tons ice)	19	103 500	12 500	63 000

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Spring Mattresses (Almezine)	Single- and double-bed mattresses	25 000 units	31	265 000	25 430	110 700
The National Company for Commercial and Industrial Investment	Chemicals for concrete treatment	3,6 million litres	27	241 822	59 256	300 098
The Arabic Company for Engineering and Heavy Industries	Desalination plants and steel fabrication	2 to 5 desalination factories and 1 200 tons of fabricated steel	264	12 780 000	683 000	2 951 000
The Kuwaiti Company for Synthetic Rubber Production	Butadiene styrene rubber SBR	42 000 tons	96	3 306 500	791 400	...

Annex III

EVALUATED PROJECTS CONSIDERED BY THE INDUSTRIAL DEVELOPMENT
COMMITTEE DURING PHASE II

Project	Major products	Annual production	Total labour requirements (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Kuwait Cement Company	Paper cement bags	50 000 000	40	2 138 300	473 500	976 400
Engineering Equipment Company	Overhead cranes (20 tons), steel fabrication	1 550 tons of fabrication steel and crane frames	81	733 000	(5 000),	-
Plastic Lighters Company	Plastic cigarette lighters	3 500 000 pieces	19	745 000	81 000	330 000
International Company for Plastic Industries	Plastic pipes up to 50 mm	2 000 tons	56	1 567 200	8 601	-
Aluminium Smelter	Pure aluminium blocks	148 000 blocks	1 680	112 302 000	7 765 300	16 452 000
Modern Kitchens Factory	Standard kitchen units	6 000 metres length	52	204 000	49 000	190 000
Mr. Mokhtar Yousef Mourad El Moomen for Aluminium Products	Aluminium products	2 000 doors 8 000 windows	31	201 000	29 000	102 000

Project	Major products	Annual production	Total labour requirements (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Ibrahim Abd El Rahman El Diag Project for Producing Chippings for Mosiac Tiles	Chips for mosiac tiles	27 000 tons of white chippings, 20 000 tons coloured chippings	20	289 000	154 000	221 000
Mr. Gaber Project to produce packaging boxes, tablets and tissue paper	Packaging boxes, tablets and tissue papers	350 tons of packing boxes, 150 tons of table paper tissues	21	428 200	(30 000)	-
Internal radiator project to produce automotive radiators	Automobile radiators	300 units	24	108 000	(39 120)	-
Motawaa Aluminium Factory (Abd El Ghany Abd El Reda El Motawaa Factory)	Windows, doors, fences and diffusers	3 333 doors, 3 500 windows, 5 000-m fences, 10 000 diffusers	36	211 000	22 500	122 500
Al Ghanem Company for Ice Production	Ice blocks	360 000 blocks	19	144 500	16 000	70 000
Dashty and Abel Company for Ice Production	Ice blocks	285 000 blocks	18	160 000	(8 000)	-
Marble Chippings for Mosaic Tiles	Marble chips	60 000 tons	20	403 500	152 500	213 500

Project	Major products	Annual production	Total labour requirements (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Failaka Company for Ice Production	Ice blocks	264 000 blocks	17	91 500	14 500	62 500
Kuwaiti Company for TV aerials	Small motors	20 500 motors	16	90 145	7 900	45 970
Al Masani Company for Plastic Pipes	PVC pipes, diameters between 50 and 250 mm	3 900 tons	44	1 175 000	377 900	...
The Kuwaiti Company for Metallic Sanitary Ware for Construction	Water mixers, taps, counters etc.	165 tons	84	857 000	66 440	...
The Industrial Estates Company	Prefabricated bathrooms	1 000 units	40	390 000	119 300	265 820
The Industrial Estates Company	Steel bars	24 000 tons	47	2 822 000	(526 100)	-
Steel Ducts for Air Conditioning Company	Ducts for central air conditioning	360 tons	20	56 525	38 250	97 000
The International Kuwaiti Investment Company	Prefabricated buildings	90 000 m ³	173	2 902 000	514 000	1 471 380

Annex IV

EVALUATED PROJECTS REJECTED BY THE INDUSTRIAL DEVELOPMENT COMMITTEE
DURING PHASE II

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Darin Plastic Syringes Company	Disposable plastic syringes	30 000 syringes	31	2 220 400	(123 352)	-
Steel Nails Factory	Nails for carpentry and construction	900 tons	17	135 500	(21 300)	-
Wazzan Factory for Foodstuffs	Packaging of marmalade, sugar, perfumed paper towels	1 256 000 marmalade (25 g) 1 256 000 honey perfume (25 g) 3 400 000 towels 6 400 000 bags of sugar (10 g)	44	191 500	Loss	-
Salem and Badr Paint Factory	Paste	300 tons	24	83 300	Loss	-
Milking Union Kuwait Company	Fresh milk and meats	3 640 tons of milk, 715 tons of buffalo meat	84	4 138 819	187 115	435 468
Cellular Concrete Products Company	Cellular concrete, light-weight blocks	146 500 m ³	70	2 604 000	141 750	857 000
Water coolers	Water coolers from 18 to 80 gallons capacity	1 000 units	35	183 000	(33 500) Loss	-

Project	Major products	Annual production	Total labour requirement	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Saaba Establishment for Construction Contracting	Grilles and air distributors for central air conditioning	100 000 units	29	188 000	3 500	75 000
Mobarakia Company for Killing Services	Processing plant, slaughterhouse	2 250 000 broilers and layers	12	528 000	73 000	139 000
Commerce and Industry Investment Company	Steel barrels	360 000 barrels	83	767 000	455 000	626 000
National Estate Shoes and Commerce Company	Shoes	60 000 pairs	41	137 500	Loss	-
Gaber Abd El Hady Company	Light cartons, paper boxes for paper tissues	350 tons	23	344 600	(56 200) Loss	-
El Mountassar Company for Diapers	Various kinds of diapers, paper and cotton products	400 000 bags	24	462 400	(26 392) Loss	-
Mr. Abdel Latif Al Hamed Project for Dry Batteries	Dry batteries	18 million units	41	904 000	(60 000) Loss	-
International Investment Kuwaiti Company Project for Metallic Sanitary Equipment	Tapes and water mixes	150 tons	84	900 000	(90 175) Loss	-

Project	Major products	Annual production	Total labour requirement (persons)	Total investment (KD)	Annual profits (KD)	Gross value added (KD)
Gassem Al Hawkel Project for Packing of Tea Bags	Tea bags in boxes (100 bags each)	21 600 000 bags	24	304 000	(78 000)	-
Soliman Abd El Razik El Motawaa for Chocolate Products	Chocolate	2 687 tons	60	1 798 000	(107 500)	-
Ahmed Fahed El Tokhaim Project	Nails and screws	500 tons	27	140 000	(90 000)	-
Maha Factory for Cheese	Cheese and powdered milk packing	300 tons cheese, 100 tons of milk powder	30	297 100	(45 000)	-
Kuwaiti Company for Metal Industries	Nails, nuts, barbed wire and galvanized wire fencing	5 470 tons	39	998 500	61 600	161 000
Bobian Factory for Marbles	Natural marble	45 000 m ²	37	211 500	237 500	343 500
El Robian Company for Manufactured Marbles	Manufactured marbles	24 000 m ²	22	139 000	14 000	78 700
Arabic Estates Company	Prefabricated reinforced concrete	20 000 m ²	137	1 828 300	(341 700)	-

Annex V
FELLOWSHIPS AWARDED

Project budget

1. Recipient: -Adel Al Enzi, Chemical Engineer
Subject: Planning and Appraisal of Industrial Projects
Place: University of Bradford, United Kingdom
Duration: From 23 January to 14 April 1978

UNIDO regular fellowship programme

2. Recipient: Falah Abdulla Al-Assoussi^{a/}
Subject: Petrochemical Industries
Place: Bucharest, Romania
Duration: From 11 September to 3 November 1978

^{a/} This fellowship was not implemented because it was declined by the recipient.

Annex VI

PAPERS AND REPORTS PRODUCED BY IDCB
DURING THE PROJECT

A paper on industrial development strategy submitted to the Fourth Conference on Industrial Development, Baghdad, December 1976.

A study on the principles and measures for protecting local industries and the encouragements granted by the Government in accordance with the Industries Law.

Memoranda dealing with the financial, production and marketing situations of certain companies that enjoy governmental protection for certain basic industrial products such as cement blocks, mosaic tiles, asbestos cement pipes, flour, macaroni, biscuits, detergents, bituminous insulating materials, paper tissues, paints, aluminium windows and doors, wooden doors and marble products.

A study on the policy and measures to be taken for allocating government land for industrial projects.

Industrial surveys on certain building materials and industrial products such as bricks, tiles, marble and aluminium products.

Recommendations as to the status of the Shuaiba Industrial Area Authority and its future autonomy, with a board of directors chaired by the Minister of Industry and Commerce.

Reviewing the requirements of the five-year industrial development plan of infrastructure and recommendations on same, in the light of a memorandum prepared by the Ministry of Planning.

Comments on housing policy principles.

A study dealing with measures to be taken for improving government administration.

A study on the proposed law for the prevention of pollution.

A study for the Shuaiba General Organization concerning the new industrial area at Mina Abdulla Industrial Area.

A survey on the industrial gases industry in Kuwait.

Reviewing the contract between the Shuaiba Industrial Area Authority and the Hoday Construction Company for the extension of the Shuaiba port.

Several studies made in connection with government subsidization and protection of local industries.

A report on comments of the IDCB on the study prepared by the Ministry of Planning on the strategy of industrial development of Kuwait.

A report commenting on the programme of studies to be made for the Gulf Consulting Organization made by the Stanford Research Institute in the United States of America.

A paper on science and technology.

A paper - Patterns and enhancement - on the general framework for industrial co-ordination among the Gulf States.

A paper on the industry and industrialization of Kuwait.

A study on the pricing policies in the State of Kuwait.

A study on marketing as a component of feasibility studies for new industrial products.

A manual in the form of a guide to industries on conducting feasibility studies, forms for application for licences and a model which represents a check-list for the evaluation studies.



