



2010 Minerals Yearbook

KUWAIT [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF KUWAIT

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Kuwait's economy was structured around the production and refining of hydrocarbons. The oil sector accounted for about 92% of total exports and about 93% of Government revenue. In 2009 (the latest year for which data were available), the oil and gas sector accounted for 43% and refined petroleum accounted for 2% of the gross domestic product (GDP) at current producer prices. Construction accounted for about 2% of the GDP; mining and quarrying accounted for 0.1%. According to BP p.l.c., Kuwaiti crude oil reserves accounted for about 7.3% of the world's proven crude oil reserves in 2010 (BP p.l.c., 2011, p. 6; Central Bank of Kuwait, 2011, tables A, 48).

Under Article 21 of the Constitution, the state owns all natural resources. Article 152 of the Constitution authorizes limited-time-period concessions for the exploitation of natural resources. Decree law No. 6 of 1980 authorizes Kuwait Petroleum Corp. (KPC) to form partnerships with other companies to conduct petroleum sector activity. Environmental issues (including those associated with the manufacturing of aluminum, gold, and steel articles; cement production and storage; and the exploration for and production, storage, and transport of natural gas, petroleum, and sand) are covered by law No. 21 of 1995, law No. 16 of 1996, and decision No. 210 of 2001.

In 2010, total exports (free on board) were valued at \$67 billion¹ compared with a revised \$52 billion in 2009, of which crude oil exports accounted for about \$62 billion in 2010 compared with \$47 billion in 2009, and nitrogen fertilizer exports accounted for \$419 million compared with \$194 million in 2009. The total value of imports (which included cost, insurance, and freight paid to the point of destination) in 2010 was about \$22 billion compared with a revised \$20 billion in 2009 (Central Bank of Kuwait, 2011, tables 35, 40).

Production

Data on estimated mineral commodity production are in table 1.

Structure of the Mineral Industry

KPC, the Ministry of Oil, and the Supreme Petroleum Council are the Government organizations that are responsible for the petroleum sector in Kuwait. Kuwait Oil Co. K.S.C. (KOC), which was a subsidiary of state-owned KPC, managed the country's crude oil and natural gas operations. Kuwait Gulf Oil Co., which was a subsidiary of KPC, managed primarily offshore crude oil and natural gas operations in the Partitioned Neutral Zone, which also is known as the Divided Zone,

¹Where necessary, values have been converted from Kuwaiti dinars (KWD) to U.S. dollars (US\$) at the average rate of KWD0.287=US\$1.00 for 2010 and KWD0.288=US\$1.00 for 2009.

between Kuwait and Saudi Arabia. Petrochemical Industries Co. K.S.C., which was a subsidiary of KPC, dominated the Kuwaiti fertilizer sector, and Kuwait National Petroleum Co. K.S.C., which was a subsidiary of KPC, operated the country's petroleum refineries. State-owned Kuwait Investment Authority held interests in Kuwaiti cement companies and manufacturers of steel pipe. Privately owned companies were active in the industrial minerals and metals sectors.

Commodity Review

Industrial Minerals

Cement.—F.L Smidth & Company A/S continued work on the installation of a second 5,500-metric-ton-per-day-capacity cement production line for Kuwait Cement Co. K.S.C. The new line at Shuaiba would double Kuwait Cement's production capacity (FL Smidth & Company A/S, 2010).

Mineral Fuels

Natural Gas.—KOC and Royal Dutch Shell signed a 5-year technical service contract to develop nonassociated natural gas deposits in Kuwait. KOC proposed to increase Kuwait's nonassociated natural gas output to 28 million cubic meters per year by 2015 from 4 million cubic meters in 2010 (Dow Jones & Company Inc., 2010).

Outlook

The development of known nonassociated natural gas deposits would help reduce the impediment that the limited supply of natural gas has imposed on industrial diversification and expansion in Kuwait. The ongoing expansion of the Kuwaiti petroleum production capacity (subject to the Organization of the Petroleum Exporting Countries' crude oil production allocation) is expected to continue.

References Cited

- BP p.l.c., 2011, BP statistical review of world energy: London, United Kingdom, BP p.l.c., June, 45 p.
- Central Bank of Kuwait, 2011, Quarterly statistical bulletin—January-March 2011: Central Bank of Kuwait. (Accessed June 12, 2011, at <http://www.cbk.gov.kw/cbkweb/servlet/cbqmain?Action=qbullet>.)
- Dow Jones & Company Inc., 2010, Shell to develop Kuwaiti gas reserves: Rigzone.com, February 17. (Accessed February 17, 2010, at http://www.rigzone.com/news/article.asp?a_id=87628.)
- FL Smidth & Company A/S, 2010, Material handling order to FLSmidth in Kuwait: FL Smidth & Company A/S, May 26. (Accessed May 29, 2010, at <http://www.flsmidth.com/en-US/News+and+Press/Company+Announcements?feeditem=1418785>.)

TABLE 1
KUWAIT: ESTIMATED PRODUCTION OF MINERAL COMMODITIES^{1,2}

(Metric tons unless otherwise specified)

Commodity ³	2006	2007	2008	2009	2010
Cement	2,200,000 ⁴	2,200,000	2,200,000	2,000,000	2,000,000
Iron and steel:					
Crude	500,000	500,000	500,000	450,000	500,000
Rolled-steel bar	680,000	680,000	680,000	600,000	650,000
Lime, hydrated and quicklime	50,000 ⁴	50,000	50,000	45,000	50,000
Natural gas: ⁵					
Gross million cubic meters	14,500	14,000	14,800	13,000 ^r	13,500
Dry do.	12,500	12,100	12,800	11,200 ^r	11,600
Nitrogen:					
N content of ammonia	495,000	485,000	485,000	470,000	485,000
N content of urea	428,000	430,000	430,000	420,000	430,000
Petroleum:					
Crude ⁵ thousand 42-gallon barrels	960,000	940,000	990,000	880,000	950,000
Natural gas liquids and liquefied petroleum gases ⁵ do.	40,000	54,000 ^r	57,000 ^r	54,000 ^r	57,000
Refinery products:					
Gasoline, motor do.	25,000 ^r	24,000 ^r	23,000 ^r	20,000 ^r	22,000
Kerosene do.	61,000	69,000 ^r	65,000	60,000 ^r	68,000
Distillate fuel oil do.	102,000	83,000 ^r	86,000 ^r	80,000 ^r	85,000
Residual fuel oil do.	67,000	77,000 ^r	75,000 ^r	69,000	80,000
Other ⁶ do.	75,000 ^r	87,000 ^r	85,000 ^r	80,000 ^r	85,000
Total do.	330,000	340,000 ^r	334,000 ^r	309,000 ^r	340,000
Salt	13,200 ⁴	14,000	14,000	13,000 ^r	14,000
Sulfur:					
Elemental, petroleum byproduct	742,000	830,000	830,000	800,000 ^r	830,000
Sulfuric acid	18,000	18,000	18,000	17,000	18,000

^rRevised. do. Ditto.

¹Estimated data are rounded to no more than three significant digits; may not add to totals shown.

²Table includes data available through June 3, 2011.

³In addition to commodities listed, secondary aluminum, chlorine, clays, petroleum coke, glass, methanol, sand and gravel, and steel concrete-reinforcing bar were produced, but available information is inadequate to make reliable estimates of output.

⁴Reported figure.

⁵Includes Kuwait's share of production from the Partitioned Neutral Zone.

⁶Includes bitumen, coke, naptha, and propylene.

TABLE 2
KUWAIT: STRUCTURE OF THE MINERAL INDUSTRY IN 2010

(Metric tons unless otherwise specified)

Commodity		Major operating companies and major equity owners	Location of main facilities	Annual capacity
Aluminum, secondary		Arabian Light Metals Co. K.S.C. (Kuwait Industries Co. Holding K.S.C.)	Ahmadi	NA
Cement:				
Clinker		Kuwait Cement Co. K.S.C. (Kuwait Investment Authority, 32%, and National Industries Group, 22.4%)	Kiln and mills at Shuaiba	1,800,000
Gray portland		do.	Mills at Shuaiba	2,200,000
Do.		Hilal Cement Co. K.S.C.C. (Suez Cement Co., 51%)	Sulaibiya industrial area	(1)
Do.		Portland Cement Co. K.S.C.C.	Shuwaikh	(1)
White		Kuwait Cement Co. K.S.C. (Kuwait Investment Authority, 32%, and National Industries Group, 22.4%)	Kiln and mill at Shuaiba	170,000
Iron and steel, steel:				
Crude		Al Oula Steel Manufacturing Co.	Shuaiba	500,000
Do.		United Steel Industrial Co. K.S.C.C. (Joint venture of local investors and Ahwaz Steel Commercial and Technical Services GmbH)	Melt shop at Shuaiba	1,000,000
Rolled:				
Bar and rod		do.	Rolling mill at Shuaiba	650,000
Do.		Kuwait Reinforcement Steel Manufacturing Co. (Ali Al-Sarraf International Group Co.)	do.	400,000
Pipes		Kuwait Pipes Industries and Oil Services Co. K.S.C.	Pipe mill at Sulaibiya industrial area	120,000
Do.		do.	Pipe mill at Shuwaikh	65,000
Natural gas	million cubic meters	Various ²	Various fields	16,000
Natural gas liquids		Kuwait Oil Co. K.S.C. (KOC) [Kuwait Petroleum Corp. (KPC), 100%]	do.	45,000 ³
Nitrogen:				
Ammonia		Petrochemical Industries Co. K.S.C. [Kuwait Petroleum Corp. (KPC), 100%]	Plant B, Shuaiba	657,000
Urea		do.	Plants A and B, Shuaiba	639,000
Petroleum:				
Coke, calcined		do.	Shuaiba	350,000
Crude	42-gallon barrels per day	Kuwait Oil Co. K.S.C. (KOC) [Kuwait Petroleum Corp. (KPC), 100%]	Southern and eastern fields (Burgan, Khasman, and Madina fields)	1,350,000
Do.	do.	Al-Khafji Joint Operations (Kuwait Gulf Oil Co., 50%, and Aramco Gulf Operations Co., 50%)	Khafji field, offshore Partitioned Neutral Zone	600,000
Do.	do.	Kuwait Oil Co. K.S.C. (KOC) [Kuwait Petroleum Corp. (KPC), 100%]	Northern fields (Abdali, Bahra, Ratqa, Matraba, Raudhatain, and Sabiya fields)	559,000
Do.	do.	do.	Western fields (Abdaliya, Kra' Al-Mero, Managish, and Umm Gudair fields)	427,000
Do.	do.	do.	South Fuwaris and South Umm Gudair fields, onshore Partitioned Neutral Zone	80,000
Do.	do.	Kuwait Oil Co. K.S.C. (KOC) [Kuwait Petroleum Corp. (KPC), 100%] and Saudi Arabian Chevron Inc. (Chevron Corp., 100%)	Wafra field, onshore Partitioned Neutral Zone	80,000
Do.	do.	Kuwait Gulf Oil Co. [Kuwait Petroleum Corp. (KPC), 100%]	Hout field, offshore Partitioned Neutral Zone	NA
Refined products	do.	Kuwait National Petroleum Co. K.S.C. [Kuwait Petroleum Corp. (KPC), 100%]	Mina Al-Ahmadi refinery	452,000
Do.	do.	do.	Mina Abdulla refinery	270,000
Do.	do.	do.	Shuaiba refinery	198,000

See footnotes at end of the table.

TABLE 2—Continued
 KUWAIT: STRUCTURE OF THE MINERAL INDUSTRY IN 2010

(Metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity
Salt	Al Kout Industrial Projects Co.	Shuaiba	NA
Sulfur	Kuwait National Petroleum Co. K.S.C. [Kuwait Petroleum Corp. (KPC), 100%]	Mina Abdulla, Mina Al-Ahmadi, and Shuaiba refineries	NA
Do.	Kuwait Sulphuric Acid Co.	Safat	18,000

Do., do. Ditto. NA Not available.

¹Marketed imported bulk cement.

²Some natural gas is produced and recovered from most crude oil production operations in Kuwait and the Partitioned Neutral Zone. Nonassociated natural gas was produced from the Sabriyah field.

³Includes refinery-produced liquefied petroleum gases.