

Middle East scrap gold volumes to surge

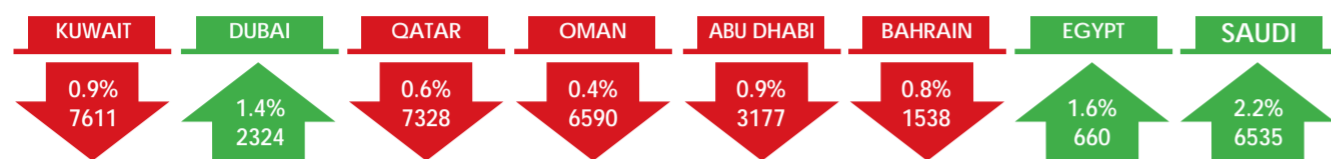
DUBAI: Scrap gold volumes are expected to grow in the Middle East due to consumers booking profits as the yellow metal hovers near all-time highs, an executive said on Monday.

"We have noticed a big increase in scrap gold coming in from India and Pakistan, because of the high price of gold more people are selling to make a profit at this point," said Mohamed Shkrachi, managing director of Dubai-based Emirates Gold, one of the largest gold refineries in the Middle East.



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MARKET WATCH



OIL MARKETS

\$78.54	U.S. Crude	\$ 0.03
\$76.29	London Brent	\$ 1.37
\$75.19	Kuwait Crude	\$ 0.24

Information Courtesy: KAMCO

CURRENCIES

US Dollar	British Pound	Saudi Riyal	Qatari Riyal	Indian Rupee
Buy 0.2857	Buy 0.4662	Buy 0.0762	Buy 0.07856	Buy 0.006206
Sell 0.286	Sell 0.4668	Sell 0.0763	Sell 0.07846	Sell 0.006197
Euro	Japanese Yen	UAE Dirham	Bahraini Dinar	Philippine Peso
Buy 0.4263	Buy 0.003142	Buy 0.07778	Buy 0.7578	Buy 0.006143
Sell 0.4269	Sell 0.003146	Sell 0.07786	Sell 0.75864	Sell 0.006117

Prices in Kuwaiti fils as of October 19, 2009 COURTESY: KAMCO

Kuwait to move ahead with long-awaited projects

Fourth oil refinery back on the table

Compiled by Al Watan Daily

CAPITALS: Kuwait may re-launch plans for the OPEC (Organization of Petroleum Exporting Countries) member's fourth oil refinery after scrapping a tender to build it earlier this year following parliamentary opposition, a deputy prime minister was quoted as saying.

In March, Kuwait scrapped the tender for the 15 billion U.S. dollar refinery after several parliament deputies said there had been violations in awarding contracts. "The past differences over the refinery were not about the project as such," said Sheikh Ahmad Al-Fahad Al-Sabah, deputy prime minister for economic affairs, quoted by the Kuwait News Agency (KUNA) on Sunday. "They (differences) were about mechanisms such as cost-plus, etc," Sheikh Ahmad said, adding that there had been "misunderstandings about the mechanisms." He did not elaborate.

In a cost-plus contract, the contractor charges the client for manpower and materials, and then adds on its profit margin. Sheikh Ahmad said the project could be realized after legal and regulatory reviews, KUNA said. In March, the state oil company Kuwait National Petroleum Company (KNPC) said it had informed companies that were awarded contracts to build the 615,000 barrels per day (bpd) refinery that the tender was cancelled, adding this did not mean the project would be dropped.

In May 2008, KNPC awarded deals worth \$8.4 billion to four South Korean companies and one Japanese company for the Al-Zour refinery. Several members of parliament alleged violations, such as handing out a package to U.S. Company, Fluor Corp. without a tender.

Oil-site protection contract sought in Kuwait

Meanwhile, European Aeronautic Defence & Space Co. (EADS), which helps countries secure borders and critical infrastructure, is in talks with Kuwait Oil Co. for a \$100 million site-protection contract, a company official said to Bloomberg, the New York-based news network.

EADS is already working to secure the border of Saudi Arabia, holder of the world's largest oil reserves, according to Andy Warnes, head of Middle East and North Africa business development at EADS's Defence and Security



Sheikh Ahmad Al-Fahad Al-Sabah, deputy prime minister for economic affairs. (Al Watan)

unit. The company also has a border contract in Qatar, the world's biggest producer of liquefied natural gas.

Concern that oil production and shipments may be threatened has prompted nations such as Saudi Arabia, the second-biggest crude exporter to the U.S. last year, to consider protecting their infrastructure. Concern has increased since the 2008 Mumbai terrorist attacks, Warnes said in Abu Dhabi on Monday. "Saudi Aramco put in place a contract last year, and Kuwait is looking at a similar thing at the moment," Warnes said in an interview. "The contract would cost \$100 million plus for Kuwait, and substantially more for Saudi Arabia."

EADS is also in talks with the United Arab Emirates' (UAE) military for possible work including upgrades of existing facilities, and has an advisory role with the Abu Dhabi police, Warnes said. The Gulf, surrounded by the UAE, Saudi Arabia, Qatar, Kuwait, Iraq, Bahrain and Iran, supplies about a quarter of the world's crude.

Cooperation with Kuwait in constructing ports vital
British officials stressed on the importance of coop-

eration between their country and Kuwait on establishing, managing, and developing ports.

Director of British Expertise David Howell told KUNA that the recent visit of a delegation of British companies' representatives to Kuwait aimed to explore opportunities of cooperation with Kuwaiti bodies, whether governmental or private. He said that British companies had experience to share.

He noted that the sector of ports and shipping was affected by the world economic crisis due to the decline of exports and imports, but said the movement of products would return to its normal rate. On his part, Deputy Head of the Port Sectors Group at U.K. Trade and Investment Jason Castelino said that most British ports are run by private companies, pointing out that the ports are supervised and monitored by the authorities. A total of 70 percent of shipping goes through the ports of the private sector, he added. Many British companies also managed ports that were owned by foreign investors. The Kuwaiti delegation of 14 companies had met here with Kuwaiti officials on Boubayan port to be established in the gulf state.

The economic impact of the A(H1N1) virus



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KUWAIT: The "A(H1N1) influenza" is making the news. First identified in Mexico in April 2009, the outbreak has quickly become a global pandemic. The Gulf is not immune: people are testing positive every day. At this stage, it's too early to estimate the economic costs of A(H1N1): first, we ignore how long and deep this outbreak will be. Second, countries are no longer required to test and report individual cases, and available data widely understate the reality on the ground.

In general, the cost of a pandemic increases with its scale. According to available studies, a truly global pandemic influenza outbreak - on the scale of the 1918 "Spanish Flu," which infected around one third of the world's population and killed 50 million - could cost up to 100 million lives, and between one and five percent of the world GDP in lost economic output. Of course, a hit of this magnitude would trigger a depression, but the chances of such a calamity are small. For once, we now have anti-viral drugs that weren't available in 1918. Yet, unless the pandemic is deep and prolonged, the "periods away from employment" or even the deaths are not the major causes of a decline in economic activity. From past influenza pandemics we learned that - even when significant - they are usually brief.

Their economic costs, often lower than initially feared, come from a re-evaluation of country risk, a disruption to markets driven by fear, loss of confidence and a change in spending patterns, and an increase in the cost of doing business.

In 2003, the Severe Acute Respiratory Syndrome (SARS) killed more than 700 people in China and Hong Kong, and cost the region between 18 billion U.S. dollars and \$60 billion in lost output - or 0.5 to two percent of regional GDP. China's retail sales data fell, but then almost immediately recovered, as people eventually made the purchases that they had put off. The impact on the financial markets was negligible and short-lived. In Feb. 2003, at the height of the SARS scare, the Dow Jones industrial average and the S&P 500 index fell two percent. By April, those losses disappeared. According to many analysts, the A(H1N1) will entail a lower loss than the SARS, because the world is better prepared, and the virus seems to respond to medicines.

Assuming that the A(H1N1) is a "SARS-like" outbreak - with widespread but short-term disruption to normal economic activity rather than millions of deaths - it is likely that its impact will be less noticeable in this ongoing recession than in normal times, because consumption is already depressed. Still, according to some economists the impact of the A(H1N1) might enhance the fragility of the global economy. Of course, if the pandemic becomes large, and dramatically reduces the working age population, the long-term impact on potential output could be remarkable. But it is unlikely.

So far, in terms of lost working hours and expenditures of health ministries, the costs are likely on par with those of a severe flu outbreak. As always, some sectors are suffering, others are benefiting. Consistently with previous pandemics, a negative impact is felt in tourism, travel, and businesses with a high reliance on human contact, such as leisure and retailing. But also education (in particular private elementary schooling and nurseries), local transportation (such as taxi services), and trade are affected. In the Middle East, people have started to change their behavior and spending patterns: travel plans are already changing and airline bookings are being affected. In particular, the Saudi Arabia's tourism sector will inevitably suffer, as it is heavily dependent on pilgrims - i.e. Hajj and Umrah pilgrims make up more than 50 percent of total visitors. Saudi airlines, hotels, other travel services and retail are expected to face a sharp fall (up to a 25 percent) in revenues. Conversely, a positive impact is felt in the health sector (i.e. sales of equipments to prevent, detect and fight the virus, such as face masks and medicines, are up). In most economies, the sector benefits from emergency government funds. In a few countries, price abuses have already been reported, related to medicine and articles needed to combat the flu.

As a final thought, the most important lesson has yet to be learnt: the major source of a potential pandemic is poverty in developing countries. These economies need to improve both sanitary conditions and quality of care, through wide-ranging reforms of their health systems and a critical mass of investments. Everybody would gain.

Disclaimer: Please note that the views and opinions presented in the column are the company's own and do not necessarily represent those of Al Watan Daily and its staff.

Burgan Bank receives the JPMorgan Quality Recognition Award

KUWAIT: Burgan Bank amongst the most dynamic and rapidly growing commercial banks in the State of Kuwait announced their receipt of the JPMorgan Quality Recognition Award. The award is in acknowledgement of the consistent, high quality performance and standards that Burgan Bank's funds transfer operations management and staff has maintained for the 2008 calendar year.

JPMorgan confirmed that Burgan Bank achieved the elite level of the award and was the only Bank in the MENA region to receive this outstanding recognition for both its treasury and commercial activities. This was stated in a press release on Saturday.

Since 1997, JPMorgan has presented awards to select U.S. dollar clearing clients that achieved a best in-class level of operational excellence. These awards are given to clients who achieve outstanding straight-through results by properly formatting their SWIFT payments.

"This award illustrates Burgan Bank's leading presence in the global financial services market," said Jonathan Lyon CEO, Burgan Bank. The fact that Burgan Bank was able to maintain outstanding levels for 12 consecutive years clearly marks our institution as a leader in meeting today's operating challenges."

"The past year has been challenging for the financial industry and we are extremely proud that despite this the bank has continued to maintain high quality performance and standards for fund transfer operations with minimal margin of error. We are honored to receive this award for the twelve consecutive years from JPMorgan Chase in recognition of our commitment and exceptional contribution," said Jonathan Lyon.

"Less than one percent of JPMorgan's total funds transfer clients are able to meet the criteria needed for the award," said Greg Murray, executive director JPMorgan. "It is truly a privilege to work with a client that demonstrates a long term commitment to quality."



An investor smiles in front of an electronic board displaying stock information at a brokerage house in Hefei, Anhui province, Oct. 19, 2009. China's key stock index rose 2.07 percent to a one-month closing high on Monday, led by property and metal shares, breaking above a key psychological barrier at 3,000 points on expectations of solid third-quarter earnings and rosy economic data due later this week. (Reuters)

First phase of GCC power grid venture complete

RIYADH: Deputy Minister of Water and Electricity in Saudi Arabia Dr. Saleh Al-Awaji affirmed on Monday first phase of the Gulf Cooperation Council (GCC) power grid had been finished and that the whole joint project would be completed either next year or the year after.

Awaji made the statement in a speech here today at the opening of the GCC Power 2009 Conference, organized by the regional electric power systems in GCC countries, in cooperation with Qatar international exhibition. The GCC leaders would inaugurate the venture at the GCC summit, due in Kuwait next December.

He indicated that the project will be one of the tools for unification of Gulf power standards in the fields of

construction or classification.

The conference will discuss a number of planning, development, technical studies and electric power, operational and arbitration power systems, in addition to the development of electric generation, electricity markets and transmission extensions of energy carriers and protection of power system.

The conference aims at exchanging expertise in addition to studying latest developments in the field of electric power, encouraging scientific research in the electricity industry to find solutions on the basis of sound engineering and deepen relations with authorities that deal with the electricity industry. -KUNA