

Kuwait city energy independence

By Farzad Ramezani Bonesh

Kuwait gained independence from the United Kingdom in 1961, and has since developed to become one of the most stable economies in the Middle East region after oil discoveries. It is located at the tip of the Persian Gulf and borders Iraq and Saudi Arabia. Having a small area, and more than 7% of the world's oil reserves, it has a high-income economy and, a very affluent welfare state.

About a third of Kuwait's 4.4 million population are Kuwaiti citizens and the rest include residents from more than 70 countries. The Ukraine crisis has led to oil prices rising and Kuwait's economy recovering after being hit hard by the Covid-19 epidemic. Kuwait's economic growth slowed to minus 8.9% in 2020, rising to 1.3% in 2021 and 8.7% in 2022.

The Kuwait Vision 2035, or "New Kuwait", aims to transform Kuwait into a regional and international financial and commercial hub and attract global investment. Energy and oil account for more than half of Kuwait's gross domestic product and nearly 90% of the Kuwaiti government's income. In order to reduce fossil energy dependence, the government is working hard to look at alternatives.

The 2035 vision plan seeks economic reforms, diversification, becoming a financial and commercial center, and increasing attractiveness for foreign investors in the sector of strategy, including information technology, communication, renewable energy, electricity and water, tourism, healthcare, and education.

The new Kuwait plan includes ambitious projects to provide infrastructure, such as the development plan of the Kuwait City airport (costing about US\$2 billion), power plants and water desalination facilities, the super project of the northern gate of the Gulf, the Kuwait National Railway, and related projects.

The Northern Gulf Gateway is a series of massive infrastructure projects, with the aim of transforming the less developed northern coasts of Kuwait into a regional economic logistics hub and central to attract tourists, including the construction of the Silk City and the development of the Kuwait Islands.

Kuwait's Silk City is being built as part of China's Belt and Road Initiative at a cost of US\$132 billion. Also, Kuwait has put on the agenda a program to improve the position of this country in international indicators in 50 different global indicators such as efficient government administration, development, e-government; perception of corruption, efficiency index, settlement of disputes, regulation of appeal processes, creative human capital, and so on.

In addition, Kuwait plans to develop its non-oil sectors. The government wants to help create jobs, promote investment, issue permits, identify obstacles, provide assistance with the new foreign direct investment law,



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investment incentives with minimum taxes, and competitive labor.

According to the renewable energy vision program, information technology and infrastructure development services are designated as key sectors for foreign investment. The government is developing Kuwait Economic Zones (KEZs) and business opportunities in various sectors.

Kuwait has also seen massive growth with ongoing infrastructure projects valued at US\$27.6 billion and an investment volume of US\$10.2 billion in 2023 in energy, petrochemical, water, and infrastructure projects.

In the energy sector, Kuwait has the sixth largest oil reserves and the 20th largest gas reserves in the world. This country has announced, at a cost of US\$410 billion, projects to implement strategies such as reaching an oil production capacity of 3.65 million barrels per day by 2035, completing the 'Al-Zour' refinery, and investing in capital projects for energy transformation.

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Web: <https://kary.com.pl/contact-us/>

Email: energystorage2000@gmail.com

WhatsApp: 8613816583346

