

2.7: Storage and Logistics services

SECTOR OVERVIEW

Imports constitute a key component of Kuwait's economy and are expected to increase annually at 4.3% during 2014-2019 to reach USD 62 Bn in 2019. The importance of foreign trade and Kuwait's central location in the Gulf make logistics a strategic priority for the country.

Kuwait's Third Kuwait Master Plan seeks to develop Kuwait as a regional transport center with excellent multimodal logistic infrastructure supported by favorable trade regulations.

LOGISTICS

Logistics services in Kuwait are expected to benefit from several transportation infrastructure projects being initiated as part of the Kuwait Development Plan. Key among these projects are the initiatives to upgrade existing ports, a new port at the Bubiyan Island, upgrade of airport infrastructure and a new national railroad network linking the country to the GCC railroad network.

Projects such as the proposed Cargo City, which is intended to serve international air freight, are expected to support the increased demand for logistics.

WAREHOUSING

Kuwait's increasing population and consumer spending are expected to accelerate demand for various kinds of goods, requiring the development of additional warehousing facilities.

The Government is seeking to address the demand for new warehousing facilities through development of the Cargo City and other projects.

Kuwait's import and exports, 2014-2019



- NOMINAL IMPORTS, US \$ Bn
- NOMINAL EXPORTS, US \$ Bn

Mubarak Al Kabir Port in Bubiyan Island

Estimated project value

USD 4 Bn

Investment plan for road infrastructure

Project value

USD 7.5 Bn



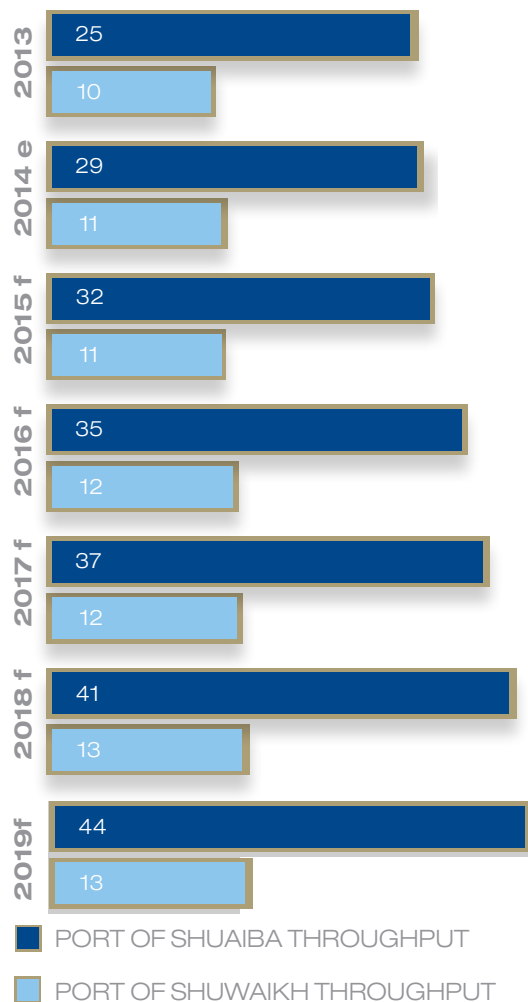
Though Kuwait's current share of the logistics sector in the GCC is relatively small, the proposed infrastructure developments have the potential to promote it as a key logistical and warehousing hub in the region.

2.7.1: Logistics

OPPORTUNITY OVERVIEW

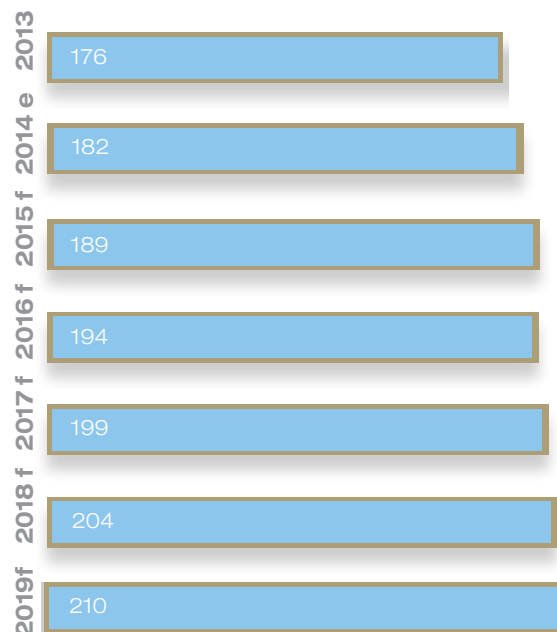
Maritime transport is the primary mode of commercial freight movement in Kuwait. The two key commercial ports of Shuaiba and Shuwaikh handled a combined throughput of 40 Mn tonnes of freight in 2014. Plans are underway to expand the capacities of both these ports. Kuwait's trade activities with regional countries, particularly the Kingdom of Saudi Arabia and Iraq, generate considerable volumes of road freight.

Maritime freight throughput, 2013-2019, (Mn tonnes)



Imports in Kuwait are projected to increase annually at an average rate of 4.3% during 2013-2019 to reach USD 62 Bn by 2019. The planned Mubarak Al Kabir Port will add a capacity of additional 2.5 Mn TEUs and facilitate access to regional markets. Investment of over USD 7.5 Bn is planned over the next five years in the development of new and existing road infrastructure, particularly in the north of Kuwait which will enhance overland freight transport.

Air freight throughput, 2013-2019, ('000 tonnes)



- The domestic demand for freight logistics is expected to be driven by the growth in trade of agricultural materials, manufactured goods, ores and metals as well as a renewed focus on industrial development.
- The upcoming Mubarak Al Kabir port and other planned port infrastructure upgrades are expected to leverage Kuwait's strategic location within the Arabian Peninsula and give rise to re-export opportunities.
- The national railroad network seeks to connect ports with key industrial areas and with the GCC railroad network, opening up opportunities for bringing goods to Kuwait's ports and transporting overland to the Kingdom of Saudi Arabia and Iraq in a cost and time-efficient manner.

2.7.2: Warehousing

OPPORTUNITY OVERVIEW

While freight throughput has increased steadily, warehousing capacities at Kuwait's ports have remained static resulting in significant un-met/ pent up demand. The upcoming Mubarak Al Kabir Port at the Bubiyan Island is expected to provide much needed additional port warehousing capacity.

Warehousing capacity is also expected to be added through projects such as the planned Cargo City which will cater to air cargo.

Current stock of Warehousing in Kuwait at sea ports and airport		
Shuwaikh port	Within the port	
	Warehouses:	70,000 sq. m
	Covered sheds:	15,000 sq. m
	Open storage area:	500,000 sq. m
	Outside the port area	
	Warehouses:	100,000 sq. m
	Covered sheds:	40,000 sq. m
	Open storage area:	78,000 sq. m
Shuaiba port	Warehouses:	14,500 sq. m
Doha port	Warehouses:	8,110 sq. m
Kuwait International Airport	Import warehouse:	5,600 sq. m
	Export warehouse:	2,300 sq. m

- Kuwait's increasing import and export volumes indicate the need for warehousing services. The country's reliance on imports further drives the demand for storage facilities.
- The ongoing and planned infrastructure projects are placing further strain on the limited warehousing facilities.
- Private sector logistics services providers control a considerable part of the supply of inland warehousing space in Kuwait. Providing connectivity between the ports and these warehouses can be expected to help address the demand to an extent.

While Government initiatives are expected to expand Kuwait's warehousing capacity, considerable market space for local and international investors is expected to remain, presenting sizeable opportunities for warehousing and warehousing related value-added services.

