

MIDDLE EAST



http://www.lib.utexas.edu/maps/middle_east_and_asia/middle_east_pol_2003.pdf

COUNTRY ANALYSIS BRIEFS

Kuwait

Last Updated: November 2006

Background

Kuwait contains 101.5 billion barrels of proven oil reserves (including its share of the Neutral Zone), or roughly 8 percent of the world's total oil reserves.

Kuwait's economy is heavily dependent on [oil export revenues](#). Current high oil prices are producing a surge in oil export revenues for Kuwait, with 2005 the best year for oil export revenues in the past decade. Non-oil sectors of the Kuwaiti economy, particularly services, have also experienced strong growth fueled by the inflow of oil revenues. Real gross domestic product (GDP) grew by an estimated 4.8 percent in 2005, while inflation was running at around 4.1 percent. Despite its currently strong macroeconomic position, including sizable fiscal and trade surpluses, Kuwait would like to diversify its economy away from near-complete dependence on oil revenues. Currently, the country relies on oil revenues for around 90-95 percent of total export earnings and around two-fifths of GDP. Kuwait channels around 10 percent of its oil revenues into the "Future Generations Fund" for the day when oil income runs out. The bulk of this reserve is invested in the United States, Germany, the United Kingdom, France, Japan, and Southeast Asia. In order of importance, foreign assets are believed to be invested in stocks and bonds, fixed yield instruments (mostly short term), and real estate. Kuwait follows a generally conservative investment policy.



With approximately 65 percent of the population under the age of 25, and with around 90 percent of employees in the private sector currently non-Kuwaiti citizens, creating jobs for young Kuwaitis is a major objective of the government. Kuwait hopes to attract additional foreign investment, and has started a program to privatize state-owned businesses (outside the oil sector). Privatization is complicated by the need to protect the jobs of Kuwaiti citizens, who traditionally have been employed mostly (over 90 percent) by state-owned enterprises and the government.

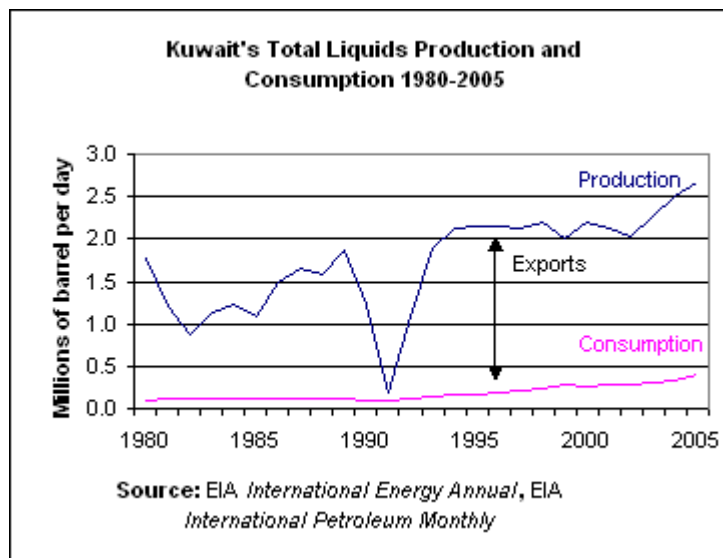
In March 2001, Kuwait's national assembly passed the "Foreign Direct Investment Act," which aimed at promoting foreign investment. Among other things, the Act eased restrictions on foreign banks, provided long-term protection to foreign investors against nationalization or confiscation, and eliminated the requirement for foreign companies to have a Kuwaiti sponsor or partner. In the oil sector, the Kuwaiti constitution forbids foreign ownership of Kuwait's mineral resources, but the

Kuwaiti government is exploring allowing foreign investment in upstream oil development under terms (see below for more details) which provide for per-barrel fees to the foreign firms rather than traditional production sharing agreements (PSA's). The Kuwaiti government is currently making an attempt to enact legislation to facilitate foreign investment in the upstream oil sector, as part of its "Project Kuwait" initiative to boost production capacity. The Kuwaiti parliament is expected to take up the proposed legislation sometime in late 2006, but with strong opposition from several legislators .

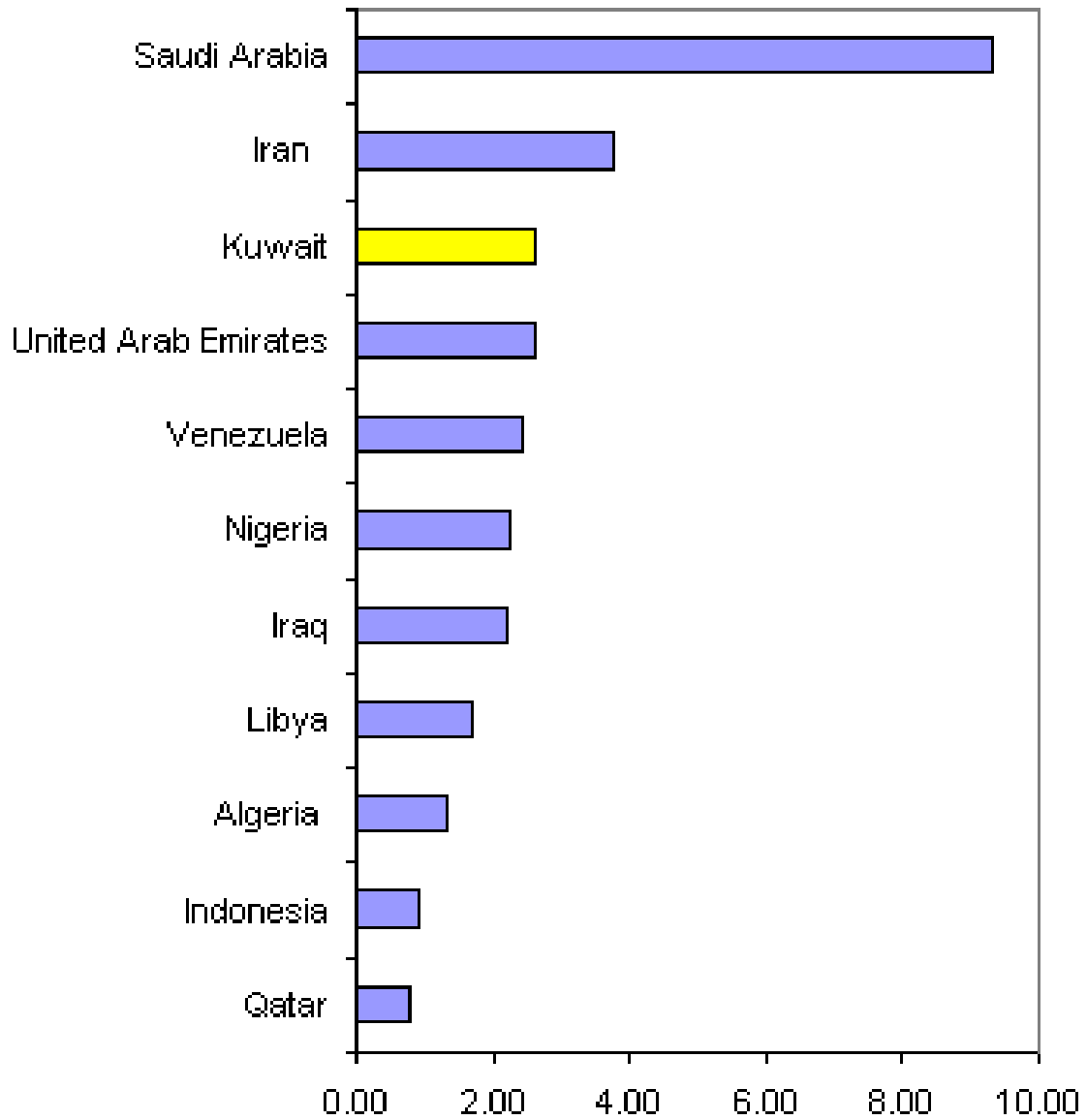
Oil

Kuwait is OPEC's third largest oil producer and holds 8 percent of the world's proven, conventional world oil reserves.

Kuwait itself contains an estimated 101.5 billion barrels of proven oil reserves, roughly 8 percent of the world total, and around 1,600 producing oil wells. The Saudi-Kuwaiti Neutral Zone (also known as the "Divided Zone") area, which Kuwait shares with Saudi Arabia, holds an additional 5 billion barrels of reserves, half of which belong to Kuwait, bringing Kuwait's total oil reserves to 104 billion barrels. Most of Kuwait's oil reserves are located in the 70-billion barrel [Greater Burgan area, which comprises the Burgan, Magwa and Ahmadi structures and has a production capacity of around 1.6 million bbl/d.](#) Greater Burgan is widely considered the world's second largest oil field, surpassed only by Saudi Arabia's Ghawar field, and has been producing oil since 1938. Kuwait's Raudhatain, Sabriya, and Minagish fields have large proven reserves as well, with 5.1 billion, 4.3 billion, and 3.3 billion barrels of oil, respectively. All of these fields have been producing since the 1950's. They generally contain medium to light crude oil with gravities in the 30°-36° API range. The South Magwa field, discovered in 1984 to the west of Burgan, is estimated to hold at least 25 billion barrels of light crude oil with a 35°-40° API gravity.



OPEC Total Oil Production (Million bbl/d)



Source: EIA Short-Term Energy Outlook (10/2006)

COUNTRY ANALYSIS BRIEFS

Qatar

Last Updated: May 2007

Background

Qatar holds the world's third largest natural gas reserves and is the single largest supplier of liquefied natural gas.

Qatar is also a member of OPEC and exports considerable amounts of oil.

While Qatar is a member of the Organization of the Oil Exporting Countries (OPEC) and is a significant oil producer, the government has devoted more resources to the development of natural gas in recent years, particularly for export as liquefied natural gas (LNG). In 2006, Qatar reportedly surpassed Indonesia to become the largest exporter of LNG in the world. Together, revenues from the oil and natural gas sectors amount to 60 percent of the country's gross domestic product (GDP). Domestically, the vast majority of Qatar's total energy consumption comes from natural gas (79 percent), while the balance is supplied by oil.



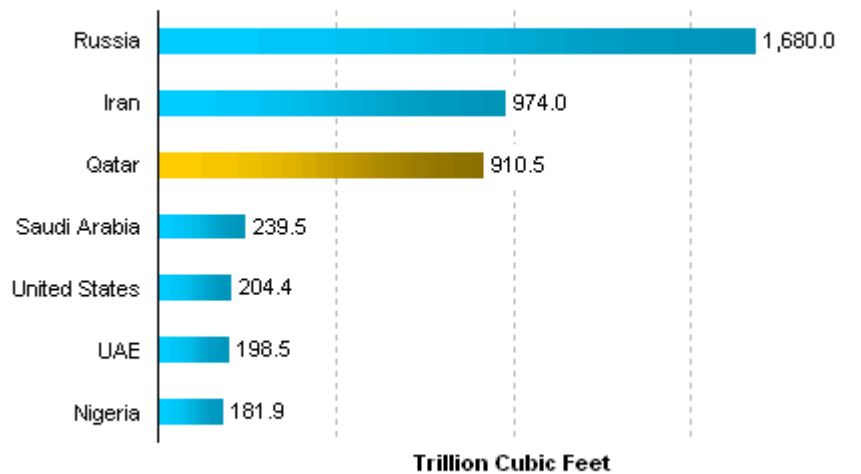
Qatar's North Field holds more than 900 trillion cubic feet of natural gas reserves, the largest non-associated natural gas field in the world.

Natural Gas

Overview

According to OGJ, Qatar's proven natural gas reserves stood at 910.5 trillion cubic feet (Tcf) as of January 2007, about 15 percent of total world reserves and the third-largest in the world behind Russia and Iran (see the [Russia](#) and [Iran Country Analysis Briefs](#) for more information). Most of Qatar's natural gas is located in the massive offshore North Field, which holds more than 900 Tcf of proven natural gas reserves and is the world's largest non-associated natural gas field. The North Field is a geological extension of Iran's South Pars field, which holds an additional 280 Tcf of recoverable natural gas reserves.

Top Proven Natural Gas Reserves, Jan. 1, 2007



Source: Oil & Gas Journal, Jan. 1, 2007

Qatar's natural gas production has grown significantly during the last decade. In 2005, preliminary data shows that Qatar produced 1,536 billion cubic feet (Bcf) of natural gas, or more than three times the 1995 output of 477 Bcf. Preliminary data puts Qatar's natural gas consumption at 579 Bcf in 2005.

Exports

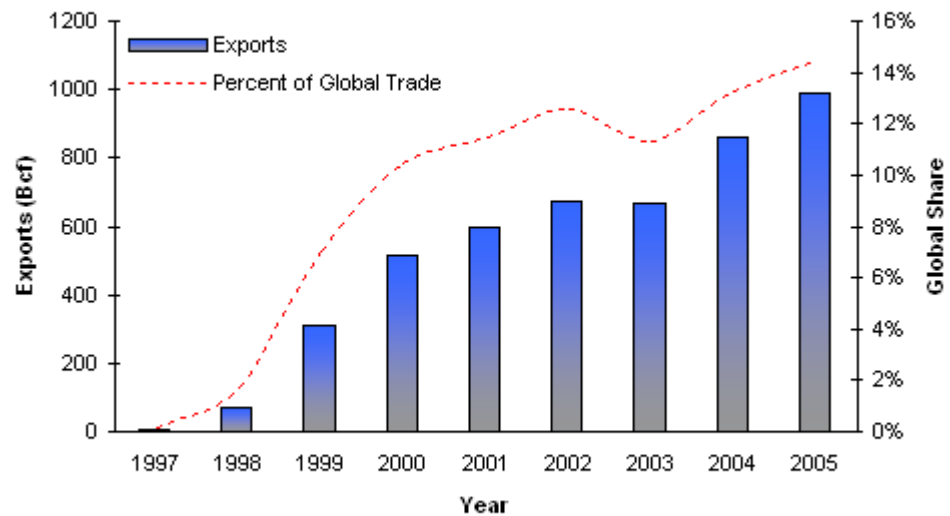
During 2005, the country exported 987 Bcf of natural gas, all of which was liquefied natural gas (LNG), making Qatar a leading world LNG supplier for the year. In the future, Qatar will also export natural gas via pipeline, as part of the Dolphin Project.

Liquefied Natural Gas

In 2006, Qatar surpassed Indonesia to become the largest natural gas exporter in the world.

In 1997, Qatar began exporting LNG when it sent small amounts (5.7 Bcf, or about 120,000 metric tons) of LNG to Spain. In 2005, Qatar exported 987 Bcf (20.1 million metric tons, or MMt) of LNG, or 14.5 percent of all globally traded LNG. Of this amount, 316 Bcf (6.5 MMt) went to Japan, 293 Bcf (6.0 MMt) to South Korea, 213 Bcf (4.4 MMt) to India, 161 Bcf (3.3 MMt) to Spain, and 3 Bcf (less than 0.1 MMt) to the United States.

Qatar's LNG Exports, 1997-2005



Source: EIA Natural Gas Monthly (Aug. 2006); IEA Natural Gas Information 2006

During 2006, industry reports suggest that Qatar surpassed Indonesia to become the world's largest LNG exporter, partly as a result of problems Indonesia faced in obtaining natural gas feedstock (see the [Indonesia Country Analysis Brief](#) for more information). In March 2007, Qatar solidified its leading role in world LNG markets when RasGas completed its fifth LNG production train, giving the country 30.7 MMt (1.5 Tcf) of annual liquefaction capacity, the most in the world. Based on existing plans, Qatar is expected to increase its LNG production capacity to 77 MMt/y (3.8 Tcf/y) by 2012 (see table below).