

MPs open push for 'stamp' rights on Project Kuwait

Not opposed in principle

KUWAIT CITY, Oct 1. (Agencies): Kuwaiti opposition groups launched a campaign on Saturday against a \$8.5 billion oil project, insisting that any deal signed with foreign oil majors must be ratified by parliament.

"The political groups do not object to the project in principle but are opposed to attempts to violate the constitution," Nasser Al-Abdali, spokesman for eight opposition groups, told reporters.

"The constitution affirms the right of parliament to review and ratify any long-term investment agreement signed by the government with foreign oil majors," he said after a meeting of the eight groups.

The opposition groups declared their meeting as "open-ended" and decided to hold six public meetings to garner public backing against the project.

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MPs open

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The controversy between supporters and opponents of the project boils over a bill approved by parliament's financial and economic affairs committee in June.

Opponents claim the bill would give the government the right to sign deals with foreign companies to develop four oilfields near the borders with Iraq, without securing parliament's approval.

"It gives Energy Minister Sheikh Ahmad Fahd Al-Sabah extensive authority to sign deals with foreign companies without parliament's approval, thus putting Kuwait's sole natural resources at risk," Abdali said.

The government and its supporters, however, insist that the bill contains sufficient guarantees to serve Kuwait's interests and maintain control over its national resources.

It limits the investment to four oilfields only, rules out any role for agents or brokers and subjects the project to existing Kuwaiti laws and not to foreign arbitration.

Under the bill, Kuwait will also have the right to impose a production cut at any time, without compensation, and companies have to pay income tax on profits of up to 25 per cent.

The bill is expected to go before parliament after the next term opens on Oct 17.

The opposition groups have the support of about 15 MPs in a house that consists of 50 lawmakers and 15 cabinet ministers who enjoy voting rights.

The investment, known as Project Kuwait, is estimated to cost some 8.5 billion dollars over a 20-year period with the aim to boost production of the fields from 530,000 barrels per day (bpd) to 900,000 bpd.

Project Kuwait has been stalled for more than a decade by resistance from MPs who fear that the country's resources could be surrendered to international oil companies.

Al-Abdali also said all the political blocs were surprised when the Finance and Economic Committee speeded up its report during the summer vacation of Parliament, adding "statements issued by members of the committee were far from the facts mentioned in the report. If the project is really as successful as they claim, it will market itself without the need for such attractive statements."

Doubting the accuracy of the figures mentioned in the press statements issued by members of the committee, he said "foreign companies participating in the project will earn a profit of upto 14 billion dollars, a fact which the committee has failed to mention in its report. Maybe members of the committee were under pressure from the government not to disclose this fact."

Referring to former head of State Security Sheikh Mishal Al-Jarrah's recent statement that the government had spent seven million dinars to pass the draft law on women's political rights, Al-Abdali said "we don't know how much the government will have to spend to pass this law."

Meanwhile, Parliament Speaker Jassem Al-Khorafi denied the government has requested him to speed up discussions on the northern oilfields report, which is listed on the agenda of the National Assembly.

Deputy Premier, Minister of State for Cabinet and National Assembly Affairs Mohammed Daifallah Sharar has not talked to me about this issue until now, the Speaker said.

Expressing his regret on the increase in animosity between MPs on the northern oilfields project, Al-Khorafi said "it hurts me when disputes go beyond accepted norms of discussion. MPs should deal with issues without any

rancour, which will only weaken the relations between them."

Although having difference of opinion is acceptable, turning them into undemocratic disputes is very sad, he noted.

Stressing nobody should doubt the intentions of members of the Finance and Economic Committee, he said "the Chairman and members of the committee have done an excellent job and exerted huge efforts in preparing this report. They deserve our appreciation irrespective of whether we agree with their conclusion or not."

On the former head of State Security Sheikh Mishal Al-Jarrah's statement that the government paid seven million dinars to MPs to pass the women's political rights law, Al-Khorafi said "I will discuss this issue with members of the Parliament Office to come up with a decision."

The government should also go into this issue to take the proper action, he noted.

On the threats by some MPs, they will grill several ministers in the coming legislative term, the Speaker said "by nature I am optimistic. So far I have not received information on any grilling and I am confident all MPs will agree to do our duties and responsibilities as all of us are committed to the welfare of citizens and their interests."

"The northern oilfields development project is concerned with the operations of only four oilfields in Northern Kuwait and the government will have to present a new draft law if it wants to add more oilfields to the current project," says Chairman and Managing Director of Al-Taameya Oil Development Company Ahmad Rashed Al-Arbeed — who is also the Managing Director of Kuwait Project.

"The Northern Oilfields Law doesn't allow the involvement of agents or hidden agents and if there is any violation the contract will become null and void," he adds.

In statement Saturday, Al-Arbeed said "the project has been prepared and rewritten by competent Kuwaiti legal experts as an operational contract between commercial companies without forfeiting the rights of the country."

He described the project as the "fruit of several years of hard work and preparation," adding "apart from the views of supporters and opponents of the project, we sought the assistance of legal, financial, economic, and technical experts in the preparation of the project."

On the criticism of MPs the draft law has several loopholes which allow the partnership of agents, Al-Arbeed said "Article 8 of the law bans agents from interfering in the project while Article 9 allows the partnership of a Kuwaiti company owned by Kuwait Petroleum Corporation (KPC). Members of the Finance and Economic Committee suggested this partnership to help the company gain experience."

"The fact that this company is totally owned by KPC and has offered its stocks for public subscription in the future interest of citizens has obviated the need for any doubts," he said. "Citizens will be the shareholders of the company and not agents of any foreign company."

Al-Arbeed went on to say the draft law specifies only four oilfields and if the government wants to include any additional oilfield it has to pass a new law with the approval of Parliament, adding "the contract for the project will be between two commercial companies. It is designed to keep the government away from any political involvement if in the future there is a dispute with any of the foreign companies."

"This is only an operational contract between two commercial companies and not a treaty," he said. "The Kuwaiti company has been mentioned in the contract to authorize it to sign the contract on behalf of Kuwait according to the crucial and legal part of the contract."

On the claims of MPs foreign companies will make a profit of over \$19 billion, Al-Arbeed said "according to the financial part of the contract foreign companies will make a profit of \$3.2 billion, which in today's terms will be worth \$900 million. In the next 20 years our total oil production will reach five billion barrels only from Saberiya, Rawdatein, Retqa, and Abdali not including other oilfields in the country."



A Kuwaiti opposition group is seen during a meeting, Oct 1, in Kuwait City. Kuwaiti opposition groups launched a campaign Saturday against an \$8.5 billion oil project, insisting that any deal signed with foreign oil majors must be ratified by Parliament. (AFP)



KUWAIT: A Kuwaiti opposition group is seen during a meeting yesterday in Kuwait City. Kuwaiti opposition groups launched a campaign against an \$8.5 billion oil project, insisting that any deal signed with foreign oil majors must be ratified by parliament. —Photos by Yasser Al-Zayyat