



VIEW OF THE KUWAIT OIL COMPANY'S MAIN OFFICE LOOKING TOWARDS
THE DISPLAY CENTRE, AHMADI, MARCH 58



A NEW SCHOOL IN KUWAIT TOWN, APRIL 58



DEVELOPMENT IN KUWAIT

By E. A. V. DE CANDOLE, C.M.G., C.B.E.

Report of a lecture delivered to the Royal Central Asian Society on Wednesday, December 3rd, 1958, Sir Philip Southwell, C.B.E., M.C., in the chair.

The CHAIRMAN: Ladies and Gentlemen,—In the unavoidable absence of Sir Hugh Dow, our Chairman, the very pleasant duty has fallen to me to take the chair at this meeting, and to introduce Mr. de Candole who is going to talk to us. Actually, however, there is no need for me to introduce Mr. de Candole for he is well known to so many present, but this does give me an opportunity of adding something I would like to say, and that is that Great Britain has sent out a very fine group of men over a very large number of years into various parts of the world in which they have given a lifetime's work, become proficient in the language, the literature and the culture of the country in which they have been working and have given of their best to build up administrations in those countries.

Mr. de Candole, having spent a lifetime in the Sudan, retired, and then took up a new appointment in industry. The credit which is due to these men is not often given either in the Press or in various publications, but the publications of the Royal Central Asian Society do provide a forum in such work which brings to the notice of members and, we hope, a wider field, the valuable work done and the knowledge available. We in industry are extremely fortunate to be able to get a lifetime experience in the particular work in which Mr. de Candole and other colleagues are engaged, and who come into industry where there are problems unconnected with the technical side which are today extremely difficult, and where we have the advantage of the type of men who have gone out into the world to do this work.

I should like to pay that tribute not only to Mr. de Candole but to all those who have given that help in industry and are doing so today. I do not propose to take up more time because you have come to hear Mr. de Candole and so I ask him now to give his lecture.

THIS talk will deal mainly with Government developments in Kuwait, although I shall also touch on some current developments in the oil industry. I should perhaps mention that I have just completed a three-year stay in Kuwait as head of the Kuwait Oil company's Town office, which is responsible for the Company's relations with the Government and the commercial community in Kuwait. I have thus been in close touch with recent State developments and Kuwait opinion generally.

While in Kuwait a month or two ago I was informed that much harm had been caused to British relations with Kuwait by malicious comment in English newspapers. Here is an example from a London weekly paper in July last: "Kuwait is not a progressive state. The huge new hospitals, schools and reservoirs are merely a façade concealing corruption, profligacy and brutality on a breath-taking scale. The £110 million annual oil royalties are regarded as the Ruler's personal income, for which he is not accountable."

All this is grossly untrue and calculated to cause much damage. The Ruler treats the oil revenues as a sacred trust which he is responsible for using in the best interests of his country and people, as I hope to show in the course of this talk.

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GOVERNMENT ORGANIZATION

At the head of the State is the Ruler, who is chosen from within the Sabah family in the direct line from the great Shaikh Mubarak who ruled from 1896-1915. The present Ruler is H.H. Shaikh Abdulla al Salim al Sabah. The Sabah dynasty was established in 1750."

Under the Ruler is a Council of State of the twelve senior members of the Sabah family which acts as an advisory body to the Ruler.

The government is organized in twenty-two departments on the usual lines.

In addition there is a Development Board of Kuwaiti officials to superintend the development programme financed out of the oil revenues.

Each department is under the general supervision of one of seven Presidents who are senior members of the Sabah family.

The Finance Department falls directly under the Ruler.

Each Department has a Kuwaiti Director and Assistant Director selected from the cadre of 1,800 classified officials. This cadre includes Palestinians, Egyptians, Iraqis, Lebanese, as well as over 100 British staff. The tendency is for a gradual replacement of Western staff by Arabs as in Middle East generally.

One reads sometimes in English papers, and even hears from our diplomatic friends that Kuwait is governed by an out-dated patriarchal system and needs democratic reforms. If this is so, it is the business of Kuwaitis, not of us. But in fact, is it strictly true? On the one hand Kuwait has, in the course of the past ten years, replaced patriarchal rule by departmental government. On the other hand, one might well ask where Western democratic systems have succeeded in the Middle East. After a brief flowering they have been cut out and sometimes replaced by authoritarian régimes far less tolerant than the so-called autocratic Shaikhly rule of Kuwait.

GOVERNMENT FINANCE

The revenue of Kuwait State is made up mainly from the oil revenues (which have for the past three years been running somewhere around £100m). To this must be added Customs dues comprising perhaps another £2m. This is a very healthy revenue for a small territory with a population, according to the 1957 census, of some 206,000. There is no taxation other than Customs dues and an income tax on corporate bodies ranging from 5 per cent. to 50 per cent. in proportion to the scale of profits. The revenues are administered by the Director of Finance.

I here wish to correct a commonly held error that the Kuwait revenues are divided into three equal parts: the Ruler and his family, Government expenditure, and foreign investment. May we first get this matter straight for the record. The Ruler in fact takes no part of the State revenue, nor do his family, other than the comparatively moderate salaries paid to senior members in respect of the offices they hold as Presidents of Government Departments. It is, therefore, misleading to call the oil revenues the personal income of the Ruler, as they are paid straight into the Government Treasury and the Ruler does not draw on them at all. For invest-

ment there is a board in London which handles the surpluses transferred from the Government Treasury in Kuwait. The income of the Ruler and the Kuwait Shaikhs comes from private property, mainly in land. The Ruler sets an example of austerity in his mode of life. Most of the Shaikhs do not live on an extravagant scale, although they have heavy traditional entertainment responsibilities. They also carry out their functions as Heads of Departments in a conscientious and efficient manner.

A break-down of the Kuwait budget shows an expenditure of somewhere about £85m (including development expenditure), leaving a balance of some £15m to £20m for investments.

The expenditure is divided among the Government Departments, Public Works and Development being the heaviest item at about £27m or nearly one-third of the total. About £7m each is being spent on Education and Public Security and about £5m on Public Health and Medical services.

The normal increase in annual state expenditure keeps pace with the steady increase in oil revenues, and is well inside the total revenue, with a surplus for investment for the future.

DEVELOPMENT PLAN

I should first say that the developments have been mainly planned and carried out by the Kuwaitis with the assistance of a handful of foreign experts, including about 100-150 British staff. In the early stages, British contractors were employed with Kuwaiti partners, who did some excellent work, but this system did not suit the Kuwaitis, and since then ordinary construction has been done by P.W.D. and local contractors, and only specialized projects handled by foreign firms. The Oil Company is not concerned with the State economic planning or public works other than to provide natural gas for power, bitumen for road work and semi-technical plant to help out in a jam. The Oil Company also assists municipal development and private enterprise in the Ahmadi area, the centre of the Oil Company's operations. It also co-operates in the fields of education, training and social welfare.

The main expenditure is on the Public Works and Development programme, which is proceeding according to a plan initiated in 1952, but since substantially modified to conform to changing requirements and new techniques.

These developments fall under nine main heads: Town Planning, Electricity, Water Supply, Education, Health, Ports, Roads, Housing, Others.

Town Planning

This involves the conversion of the old seaport into a modern city with broad thoroughfares and traffic roundabouts, new markets to replace the congested covered shops, new Government Offices and public buildings, and the replacement of sub-standard buildings by modern brick or concrete construction.

A British firm of Town Planning consultants is responsible for the planning side—the execution is carried out by P.W.D.

Considerable progress has been made in demolition of old buildings, and the town is now intersected by broad dual-carriageway boulevards with roundabouts at intersections.

Generous compensation is paid to the owners of demolished buildings in the form of cash or a new house in the suburbs.

The second part of the plan involves the expansion of the new town outside the walls (demolished in 1957) by the development of eight self-contained neighbourhood units accommodating 48,000 people with their own mosques, primary schools, clinics, light industries, shops and civic centres. There will be two secondary schools for every four neighbourhoods.

Planning on similar lines is being extended to the villages along the coast.

I should here say something about the way in which State development projects are carried out. Skilled consultants are employed for the planning of all projects. These have up till now been mainly British. Major engineering projects are then put out to tender among a group of approved tender companies who have to be in partnership with Kuwaiti firms. The approved list for projects over £750,000 includes 7 German firms, 5 British, 1 Dutch, 1 Yugoslavian, 4 Austrian, 1 American and 1 Lebanese. Competition is becoming keener and British firms will have to work very hard to keep their place in the Middle East field. I may say that this applies to the oil industry as well as construction engineering.

Roads and Housing Schemes and new schools are not put out to tender but carried out direct by P.W.D. or Education Department with use of local contractors.

Electricity

The first Power Station of 30,000 Kws which was designed and constructed by British firms was completed in 1952, and a second one adjoining it, of 40,000 Kws, has just been completed by an Austro-Kuwait firm, making a total generating capacity of 70,000 Kws. These plants are fuelled by natural gas piped from the oil fields. Distribution is by 33 KV and 11 KV ring means and a series of sub-stations. The service includes extensive street lighting of the latest type. Neon lighting is coming into use on a large scale.

Smaller power stations have also been constructed for the villages of Jahra and Fahahil.

Water Supply

Among the public utility projects, pride of place must be given to the sea-water distillation plant at Shuwaikh—also designed and constructed by a British firm—which is the biggest in the world. The plant consists of five units, each providing one million gallons per day. To date, four mains have been completed. The plant is powered by gas-fired boilers and steam-driven turbines, thereby keeping the running costs at an economical level. Natural gas for this purpose is piped from the oil fields 25 miles away.

There is also a brackish water supply of 200,000 gallons daily from wells at Suleibiya.

Water is stored in three reservoirs, each of three-million gallon capacity. Distribution is by road tankers from a chain of filling stations, to which a piped water supply is led from a system of reservoirs and header tanks.

Plans are being prepared for a £4m water distribution system, Phase 2, with duplicate mains for drinking water and saline water for flushing. This will be followed by a sewage scheme, Phase 1 of which will cost £2½m.

The Shatt al Arab project, designed to provide a supply of sweet water, either by canal or pipeline, from the Shatt al Arab at Basra, has not been abandoned. The survey was made in 1954; it remains to secure the political agreement with Iraq. The total capacity of the canal scheme was estimated at 75,000,000 gallons per day at a capital cost of Rs.25,600,000, and the cost of the same quantity of pipeline at Rs.26,500,000.

Education—Schools

Kuwait is justly proud of its educational experiments and the number and perfection of design and equipment of its schools. There are 76 State Schools in Kuwait. Education is provided free of charge in State Schools for boys and girls from the kindergarten to the secondary level. School meals served from a central kitchen and clothing is also provided free.

All boys who pass the secondary level are entitled to free University or equivalent outside Kuwait, either in Egyptian or Lebanese universities or in U.K. or U.S.A. The number of boys and girls studying abroad is at present 346, of whom 162 are in U.K.

Secondary School, Shuwaiikh

This at present provides education for 855 boys between 14 and 18. It is a magnificently conceived project on the most up to date and spacious lines, a main central classroom block with fine assembly theatre seating 2,000; six boarding houses, each designed for 200 boys, laboratories, art school, library, dining hall, mosque, teachers' bungalows, swimming pool, stadium, gymnasium, tennis courts and football ground. The games played are football, volley ball and tennis. Students from other Arab countries are welcomed.

This School was designed and built by a Lebanese firm, and its ultimate future is as the University of Kuwait; it has been planned with this intention.

Primary Schools in Kuwait

There are over 70 Primary and Intermediate schools, similar to the Secondary school, and five mixed kindergartens.

The first three Primary Schools in Kuwait were designed and built by British firms.

Girls' schools have not been forgotten. There is a Secondary School for 165, and primary schools and kindergartens for over 10,000 girls. A new girls' secondary school is being built on the coast west of Kuwait.

Technical and Commercial Education

Shuwaikh Technical School has at present 152 boys studying engineering and technical subjects.

There is a Commercial School for 1,025 pupils in Kuwait, also schools for blind boys and blind girls.

The State also maintains primary schools at Bombay and "Karachi, and Sharjah and Ras al Khaima in the Gulf.

Altogether the number of pupils is approximately 30,227, of whom 19,341 are boys and 10,886 girls. Total number of teachers is 1,048 male and 660 female, including Palestinians, Egyptians and Iraqis.

There are some 400 Kuwaitis receiving University and post-Secondary education abroad—of which 162 are in U.K.

Medical Services

Kuwait is also famed for its generous and up-to-date medical services. Treatment is free to all, Arab or European. During my stay in Kuwait, my family and myself benefited from the first-class treatment available there. There are at present two general hospitals, T.B. sanatorium and mental hospitals. Construction has started on a new 500-bedded hospital (the Sabah Hospital) at Shuwaikh, which will cost £2½ million. A second T.B. sanatorium of 300 beds and a hospital for infectious diseases are also planned.

There are 21 State clinics with emergency beds in Kuwait and outlying villages.

The Oil Company has recently started construction of a new 200-bedded general hospital at Ahmadi to replace the present hospital at Magwa, five miles away. There are also clinics for employees at Ahmadi and Mina al Ahmadi.

Medical treatment is free; the State employs a large staff of doctors, including Palestinian, British, Iraqi and Egyptian. There are also doctors in private practice. Some Kuwaitis have recently qualified, and others are under training in U.K. and elsewhere. The Director of Medical Services is British.

There is also an American Mission Hospital with 65 beds in Kuwait, founded in 1911.

Ports

A new port is being constructed at Shuwaikh in Kuwait bay at a cost of Rupees 23 million. Up to now all but the smaller freighters have had to discharge five miles off. The new scheme provides for an entrance channel and a deep anchorage basin for ships up to 28 ft. draught, a dhow basin in the bay, and a quay of pre-stressed concrete 2,400 ft. long with alongside berths for four medium-sized freighters. The scheme involves some difficult dredging, as the sea bed is tough rock. It also provides for harbour buildings, including Customs offices and transit shed and storage accommodation. The intention is that the old town harbour shall be done away with, but that is being resisted by the dhow owners and sea captains. This project is being carried out by an American firm.

While on the subject of ports, mention must be made of the new pier which the Oil Company is building at a cost of £8m on the coast four miles north of the present pier at Mina al Ahmadi to expand oil loading facilities. This pier runs out into deeper water than the other one, and is designed to handle three of the largest tankers now under construction simultaneously. The pier length is 5,700 ft., compared with South Pier 4,140 ft., and the pier head is in 55 to 60 ft. of water, depending upon the state of the tide. Pipelines and connections to tankers will allow average loading rates of 5,000 tons an hour, with a maximum rate of 6,750.

Roads

Over 280 miles of paved roads have been constructed inside and outside the town. The number of motor vehicles is 30,000, which is proportionally one of the world's greatest traffic densities. There is a well-planned system of perimeter double track roads designed to circulate traffic round rather than through the town and to provide the new neighbourhood units with efficient communications. New trunk roads include a coast road linking the east end of Kuwait city with the Company-road system at Ahmadi, and another to the village of Jahara, 20 miles west of Kuwait. This latter road will shortly be extended to the Iraq frontier a further 75 miles, construction of which will start in January 1959.

Another new road planned is an esplanade along the old harbour front from Dasman Palace to Shuwaikh, involving the demolition of some of the picturesque old harbour buildings, and will entirely change the character of the old water front. Roads are designed and built by P.W.D.

New Projects

New projects, for which funds have been allocated, are as follows: Sabah Hospital, to start December 1958 (£3.25m); Finance Department, to start May 1959 (£1.5m); Municipality Department, to start December 1958 (£1.6m); Printing and Publishing Department, to start January 1959 (£1m); Law Courts, to start May 1959 (£1.25m); Social Affairs Department, to start September 1959 (£.75m); Post, Telegraph and Telephone Department; Automatic Telephone system, 4,000 lines; Education Department offices; Abbatoir, to start May 1959; Fish and Meat Market, under construction; Vegetable Market, to start January 1959; Central Fire Station, to start January 1959; Government Hotel, to start May 1959; Town Drainage, Phase 1 (£2.4m); Town Water Distribution, Phase 2 (£4.2m).

Government Hotel

The new 400-bed Government Hotel is being designed by Raglan Squire and Partners, and is scheduled for completion late in 1960. The site is on the coast near the old Jahra Gate, a very accessible position. The plans conform with up-to-date Western pattern, five storeys, with basement kitchen and service area and ground floor reception, shops and restaurant. The first floor has a large public lounge and terrace. There is also a roof dining garden and terrace. A swimming pool will adjoin it.

International Airport

Messrs. F. S. Snow and Partners are the consultant engineers, and construction will start in January 1960.

The site adjoins the Kuwait-Ahmadi road about seven miles-south of the town. The airport will be of Class A international standard, with a main runway 6,000 ft. long, capable of handling the largest civilian aircraft at present contemplated.

Neighbourhood Units

Seven suburban neighbourhood centres are planned for construction in the next 18 months around the circumference of Kuwait Town. Each unit includes municipal centre, schools, clinic, shops with flats over, mosque, library, police station, restaurant, public hall and telephone and post office.

Housing

The Government are building 850 lower-income houses in 1958 in the new neighbourhood units.

Previously, 1,202 houses have been built under this scheme, about 180 in Kuwait City and the remainder in the neighbourhood units on the circumference.

A tremendous amount of private building is going on in the suburbs of Kuwait, mostly architect-designed houses of substantial modern design. There is a Government loan scheme open to Kuwaitis of lower-income groups, and plans are being prepared for a labourers' village of modern, low cost houses.

Trade and Industry

Before the discovery of oil, Kuwait's prosperity was built on seafaring and trading. The Kuwait merchant and sea captain had a reputation for enterprise and skill extending far beyond their shores, and with the growth of the oil industry the Kuwait economy is now a very thriving one. The merchants travel all over the world in the course of business. One of the leading men told me recently that he had visited America, six European countries, Ethiopia, Sudan, Japan and Libya all in the course of one year. The country has to import practically all its requirements. Britain is Kuwait's largest supplier of iron and steel, engineering plant and machinery, chemicals, electrical equipment, textiles, woollens and worsteds; U.S.A. supplies vehicles and machinery; Japan, cement and fabrics; India, timber and textiles; Iraq supplies sheep, meal, barley, dates and fodder; Germany, electrical equipment, hardware, iron and steel, building materials and furniture; Italy, iron and steel, general merchandise and textiles; Holland, tinned foods, fats and sugar; Persia and Lebanon, fruit and vegetables; Switzerland, watches and electrical equipment. The import of alcoholic drinks is very strictly controlled.

Total imports valued £57.4 m sterling in 1957, of which, including Kuwait Oil Company's imports, 43 per cent. came from United Kingdom,

and this phenomenal flow of goods has averted inflation. Currency in circulation is about Rs.200m, and local deposits in banks Rs.642m.

Much of the oil revenues is injected into the local economy in the form of State development construction, compensation for demolished housing and land expropriated and oil company local expenditure. The Company's purchases in the Kuwait market in 1957 totalled Rs.17.7m, and payments to local contractors for construction work for the Company exceeded Rs.45m.

All this has produced great prosperity among the merchants, who make more use of their capital than is usual in the area. Some industries are being organized on a semi-nationalized basis, part of the capital being provided by the State. Among the local capital enterprises initiated recently are the Kuwait National Bank, with a capital of Rs.446 million, Kuwait Airways, in association with B.O.A.C., Kuwait Cinema Company, which has built three new cinemas, seating each over 2,000 in the past 18 months, and the Kuwait Shipping Company, whose first tanker of 45,000 tons has just been built in Japan. To enable this Company to engage in international shipping under the Kuwait flag, a Kuwait maritime code is now being drawn up and will shortly be enacted by the Ruler.

While Kuwait's traditional industry of dhow building is now declining, other industries are arising in Kuwait. The Government has a sand-lime brick plant with an annual capacity of 40 million bricks, and a pre-cast concrete factory. A remarkably large industry is soft-drink production with nine sizable plants. Other private industries include tile making, pre-cast concrete plants, motor engineering, light engineering, and the making of oxygen, furniture and wrought iron.

A Kuwait Gas Company has recently been formed for the refining and utilization of gas for domestic and other uses.

I will conclude with a brief description of the Oil Town of Ahmadi. When oil production started in 1947, it became the Kuwait Oil Company's task to construct and establish from scratch the necessary amenities and services of a complete township for the staff and labour required to operate an oilfield at the earliest possible date. The site chosen was a desert ridge about 22 miles south of the City of Kuwait, overlooking the sea about five miles away. Construction started in 1948. A paved road was built from Kuwait and another from the coast on the site chosen for the Company's terminal, where an oil loading pier, boat harbour, power station, water distillation plant and refinery were constructed.

In the course of ten years, Ahmadi has grown into a town with about 2,500 inhabited homes for all categories of Company employees and 11,500 inhabitants. The town has its own public electricity distribution system, piped water supply, automatic telephone system, main drainage system and air conditioning distribution. It contains three mosques and Protestant and Catholic churches. The amenities include playing fields for cricket, football and hockey, tennis and squash courts, three well-equipped clubs for different categories, each with its swimming pool and cinema, a guest house and restaurant for staff, and a large restaurant for labour, a post office and two shopping centres. There is a large industrial area with workshops, transport lines and stores, a tank farm for the storage of

oil, main offices and a fire station. On the medical side, a new hospital with 200 beds is under construction, and there are three clinics for out-patients. There are four schools for children of staff, two provided by the State, catering for 2,000 children in all. Public Security is looked after by the State Security Forces, with headquarters and barracks at the entrance to the town. The town has three newspapers, a daily and two weekly in English and Arabic. Gardens have been made around the houses and at selected points in the township. In fact the Company has erected out of the barren desert a self-contained garden city of spacious and attractive appearance of which Kuwait may well be proud.

There is no time to deal with the new projects now being carried out to expand the oil industry. These include the Refinery, which is being much increased, a new pipeline 75 miles long to N. Kuwait, the new field at N. Kuwait, and a new deep-water jetty capable of handling the largest tankers contemplated.

Kuwait Oil Company does all possible to assist local industries by buying their products and assisting their establishment, and also to encourage local entrepreneurship by using Kuwaiti contractors. Otherwise the Company concentrates upon its task of producing oil. Its policy is to maintain its concession by the efficiency of its co-operation and the equity of its agreements with the State.

Before ending, I must stress that much understanding of the new psychology which is spreading in the Middle East is needed to maintain good relations. We must rid ourselves of the idea that we are fighting a rear-guard action against Arab nationalism. We must reshape our thinking to see how we can adapt our methods to co-operate with the evolution which is taking place, not to oppose it. Politically we should be well advised to treat our relations with Kuwait not as with a subject State but as that of a partner based on mutual interest and a long association.

Commercially, I am an optimist, and believe that if handled aright Britain and America have a good long-term position for assisting in the economic development of Kuwait, not only in the oil industry, but also in the fields of air communications, banking, engineering and planning. Competition in these fields is becoming very keen, and the best skills and best relations are essential if British enterprise is to keep its place in Kuwait.



