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CORPORATE BROCHURE





In the pipeline

One of Kuwait's oldest pipeline construction companies is gearing up for growth. General manager Mohammad Al-Hazza'a talks to Gay Sutton about strategic partnerships and the value of longstanding staff loyalty



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or Kuwait, nestling at the head of the Arabian Gulf, oil is its life blood. Some 80 per cent of government revenue is generated by oil, and the country is sitting over around 10 per cent of the world's proven oil reserves. Meanwhile, the importance of this precious commodity is only set to increase in the future. The aim is to increase output from the current rate of 2.8 million bpd to four million bpd by 2020, and a considerable investment is being made by the state to prepare the infrastructure for this increased output. So for companies operating in the construction and maintenance fields, the opportunities are significant.



Specialising in turnkey oil pipeline engineering, procurement and construction projects, Al Khadda International General Trading & Contracting is one of Kuwait's oldest pipeline construction companies, and also provides materials and equipment procurement services for other companies operating in the oil industry. Over a long period of time, Al Khadda has established an enviable reputation among the oil industry for innovation, hard work and reliability. Launched in 1960, the company has thrived and developed under the stewardship of three generations of the Al Khadda family and trades today as a subsidiary of the Equipment Holding Company.

"Our reputation is very special to us, and our

people play a large part in this," explains general manager Mohammad Al-Hazza'a. "We currently have a workforce of around 300, although the numbers vary depending on the size of the projects we are working on. But we are proud of our staff loyalty: a number of people have been with the company for more than 25 years. As a matter of fact, we celebrated this staff loyalty last month and held an awards ceremony for 45 people who have been with us for more than 15 years."

Born in 1953, Al-Hazza'a obtained his BSc in Mechanical Engineering from Southern Illinois University in 1976. He now has 34 years of experience in the oil and gas sector,

of which 22 years was spent with Kuwait Oil Company, three years with Parsons Engineers, four years with Fluor, two years with Kharafi National and the past three years with Al Khadda.

Al-Hazza'a puts this extensive experience to good use, ensuring that the company is continuously working to draw its genuinely multinational team together. English and Arabic are the languages of communication; but the success of the morale building goes much deeper. There are the usual of range of lucrative bonus schemes for good work performance, and attractive living quarters. But staff and the workforce are treated as individuals. "We also try to accommodate their problems when we can," states Al-Hazza'a.

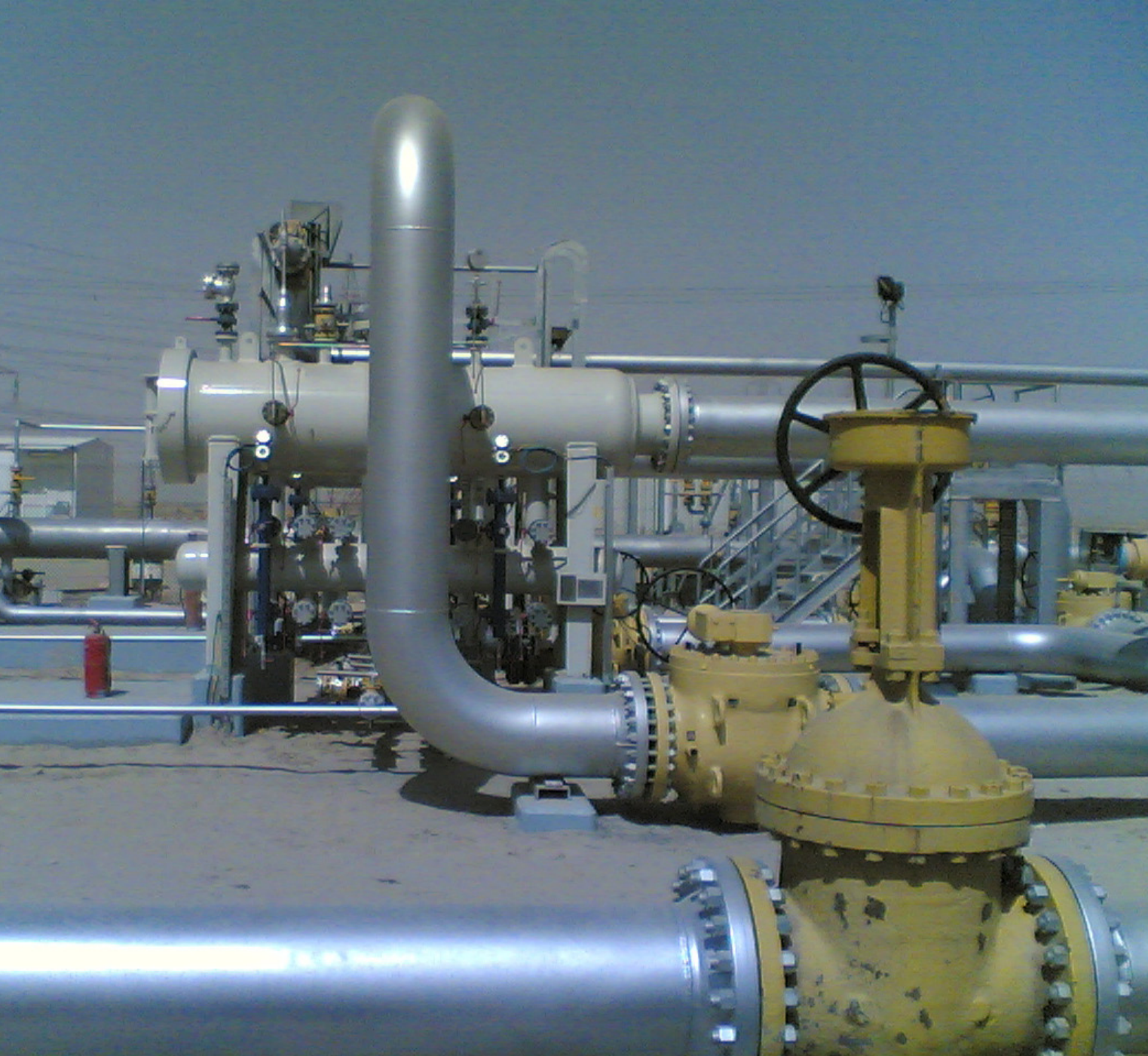
The majority of work is performed by the company's own employees, although some of the more specialised or non-core work such as excavation is sub-contracted out. However, while the sheer number of construction projects currently going on in Kuwait is good news for companies like Al Khadda, it does present some problems. "Finding skilled people is an issue for us, especially on the construction side," Al-Hazza'a reveals. When larger contracts are gained, the company often has to look further afield for staff and runs recruitment campaigns in places such as India, for qualified and experienced staff. "We do try to recruit young people locally where we can, and we provide a mixture of outside and on-site training," he says.

In the oil industry, time is money. Most contracts are time-critical, and the company works very closely with its clients to achieve completion in the expected timeframe. Interestingly, it's not the construction element of the process that presents the greatest challenge. "Our clients require approval for a range of documents and this is a time-consuming process. So one of the challenges for us is to gain this approval in time," Al-Hazza'a says. "There are different teams involved in this process, and they operate in different cycles, so we begin cooperating directly with them at an early stage."

Having a long established working relationship with the teams involved in this process plays an important role, not only in speeding up the approval processes but also in addressing construction issues as and when they occur. This relationship has been developed over a long period of time, and has been enhanced by the knowledge brought to the company by its employees—including Al-Hazza'a himself with his 22 years as an employee of Kuwait Oil Company (KOC), one of Al Khadda's major clients. "I know how they think and how they deal with issues, so I know how to approach projects with KOC. For me, it's quite a personal thing."

With Kuwait's oil industry dating back to the early 1930s, there is a continuous need for rehabilitation of existing infrastructure,





paying particular attention to the environmental requirements of this sensitive environment. And Al Khadda has taken part in this upgrade process. Between 2007 and 2009, for example, the company constructed a new 18 inch pipeline to replace the corroded one—25 years old—that brought natural gas across a distance of 28 kilometres to the Shuwaikh Power Station. Meanwhile, as a temporary measure, gas was being piped all the way in from Doha West.

“Oil contamination is a very serious issue in Kuwait, especially after the invasion and liberation,” Al-Hazza’a explains. “We therefore take great steps

to ensure our work is environmentally sound, that there’s no oil spillage, and that our equipment is running cleanly.”

Looking to the future, the company’s strategy is to form joint venture partnerships with large international companies, to enable it to bid on larger and more prestigious contracts and establish the next phase of growth. “We are currently in communication with two international companies in India and one from Egypt,” Al-Hazza’a says. “And for them, the benefit is to gain a foothold in Kuwait.”

The opportunities ahead are lucrative. Plans are in place to build a new four billion dinar oil refinery at Al-Zour which will ultimately process some 615,000 barrels of oil per day. “This will be one of the biggest refineries in the Middle East,” Al-Hazza’a says. “And if we work hand-in-hand with an international partner, we hope to be working on it.”

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The other major project that Al Khadda has its eyes on is the Clean Fuels Project, which involves upgrades to two of Kuwait’s existing refineries, so that they produce cleaner burning fuels. The two refineries approved for the upgrades are Mina Al-Ahmadi and Mina Abdulla, which have capacities of 460,000 and 270,000 barrels per day. www.alkhadda.net

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