

Rebuilding of Kuwait may be risky deal for U.S. companies

By **MARCY GORDON**
Associated Press Writer

WASHINGTON, D.C. — Doing business in Kuwait is riskier and more complicated than many small U.S. companies realize, say commercial experts who advise them to get help before trying to capture a piece of the massive rebuilding project.

Kuwait's laws, religious codes and business and social customs are all potential pitfalls.

"Small companies have to be very careful or they'll lose everything over there," said Donn E. Hancher, a professor of construction engineering at Texas A&M University who has worked in Persian Gulf countries.

"There's going to be a lot of people who will go over there and spend a lot of money and get nothing," he said. "Anybody who's looking to get rich quick had better think twice ... they'd better stay home unless they have a connection."

A vital strategy for small businesses, Hancher said, is to subcontract with big companies with experience and connections in Kuwait.

Companies and unemployed workers across the United States are rushing to get in on what could become the biggest rebuilding effort since the Marshall Plan reconstruction of Europe after World War II. As today's filing deadline approaches, scores of companies have applied to the U.S. Army Corps of Engineers to participate in the Kuwait rebuilding, expected to cost as much as \$100 billion.

The Corps, which is overseeing engineering work and damage assessment for the Kuwaiti

government, already has hired eight big companies for the initial phase of the project. They are Raytheon Co., Blount International, American Dredging Co. and Brown & Root International, all of the United States; Al Harbi Trading and Contracting Co. Ltd. and Khudair Group, both of Saudi Arabia; Mohamed A. Kharafi of the United Arab Emirates and Shand Construction Ltd. of Britain.

Other companies, including some smaller firms such as oil field specialists, have signed contracts directly with the Kuwaitis.

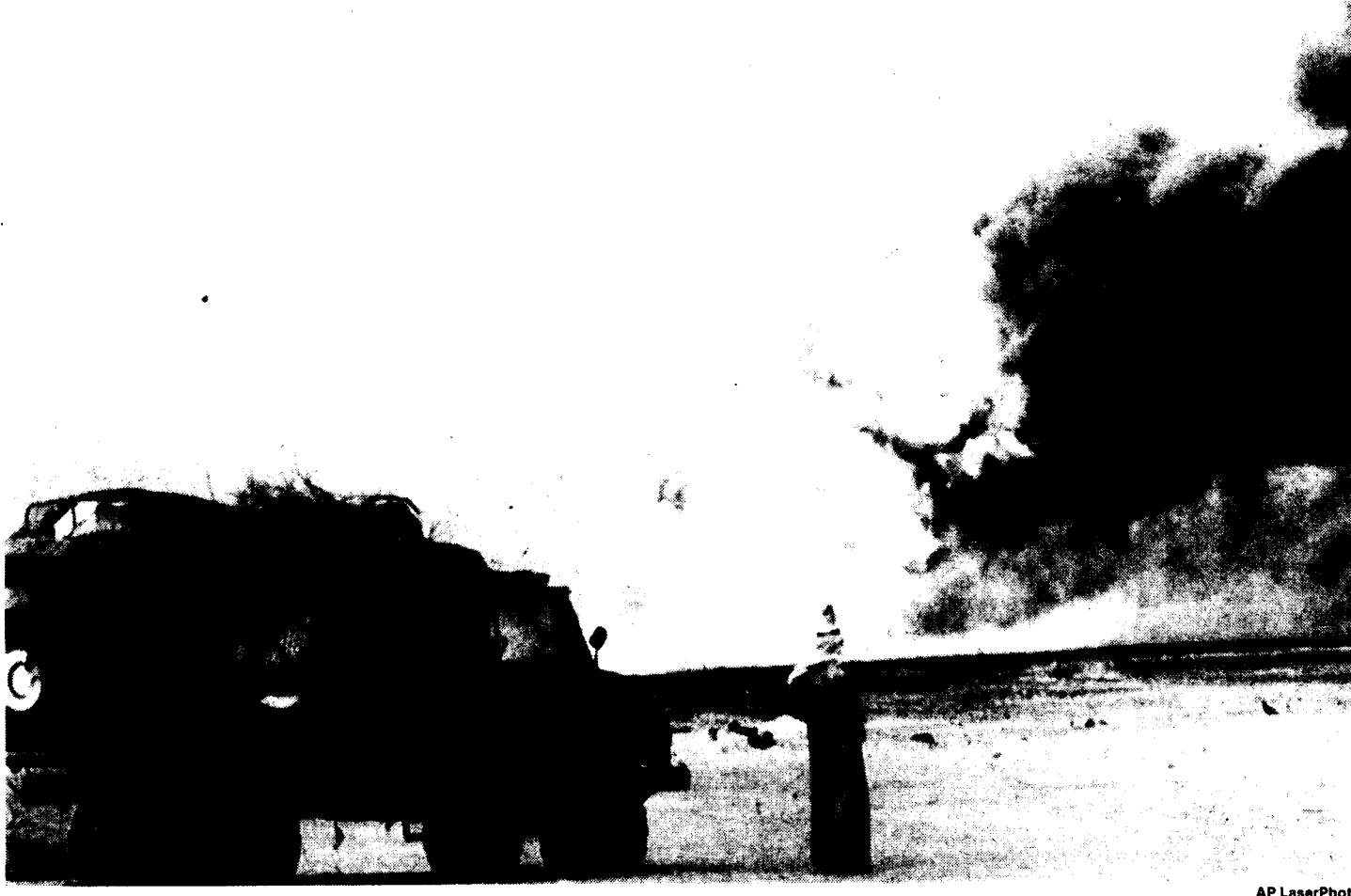
But none of the small companies that applied to the Corps to work in the initial phase has received a contract.

The Corps got a \$46 million contract from the Kuwaitis just before the Gulf War started in mid-January, and it recently was increased to \$100 million as estimates rose for the costs of emergency repairs.

Some experts believe the contract could go higher still, as could the overall estimate of \$100 billion for Kuwait's reconstruction.

Opportunities for small businesses will come mainly in the later phases of the rebuilding, following the three-month emergency period, Army logistics official Michael W. Owen told a congressional committee this week.

A number of U.S. companies are expected to form joint ventures with local Kuwaiti contractors for rebuilding homes and offices, Commerce Department officials say. The local companies normally would own 51 percent of each joint venture.



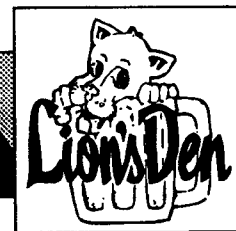
AP LaserPhoto

A representative of the Kuwait Oil Company stands by an abandoned Iraqi truck as he surveys damage in the burning oil fields in Maqwa. About 600 well heads were set afire by retreating Iraqi forces. American companies

are anxious to reap the profits of rebuilding war-ravaged Kuwait. But commercial experts say doing business with Kuwait could be risky and complicated.

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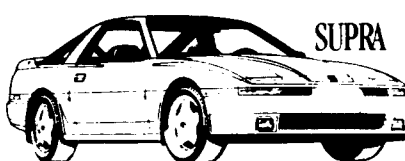
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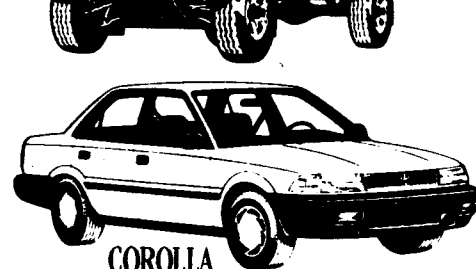


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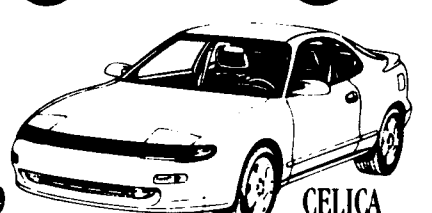


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