Dow Wins $2.16B In Kuwaiti Dispute

The Associated Press

Dow Chemical has been awarded $2.16 billion in damages by an international arbitration court over for a Kuwaiti joint venture that collapsed four years ago as the global recession took hold.

Company shares rose nearly 3 percent, or 82 cents, to $31.34 in early trading Thursday.

Dow put together a $17.4 billion joint venture with Petrochemical Industries Co., a subsidiary of state-owned Kuwait Petroleum Corp., to produce plastics for consumer products, automotive parts and drug processing in 2008.

But as commodity prices plunged and the global economy went into a tailspin, the K-Dow Petrochemicals joint venture was scrapped just days before it was set to close.

There was fierce political infighting in Kuwait about the arrangement, with some members parliament suggesting that Dow paid bribes to highly place members of the government. Critics also charged that the deal would have dug a bigger financial hole for the small, but oil-rich state.

By the time Kuwait backed out of the deal, crude prices had plummeted from $150 per barrel in July, to just $40.

Dow has denied all allegations that it paid bribes and continues to do business in the region.

The timing could scarcely have been worse for Dow in 2008, however.

Two months after the deal collapsed, Dow posted losses of $1.55 billion for the fourth-quarter of 2008 and announced thousands of job cuts, about 11 percent of its global work force.

Dow Chemical Co., based in Midland, Mich., has been doing business with Kuwait for nearly 40 years.

"This outcome brings resolution and closure to the issue," said Chairman and CEO Andrew Liveris. "We remain focused on continuing to move forward with our transformation and profitable business partnerships — both in Kuwait and around the world."

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