

How huge gas find will diversify UAE economy

EXPERT: IT'S A BIG BONUS FOR ENERGY SERVICES INDUSTRY

DUBAI

BY MANOJ NAIR

Associate Editor

BABU DAS AUGUSTINE

Banking Editor

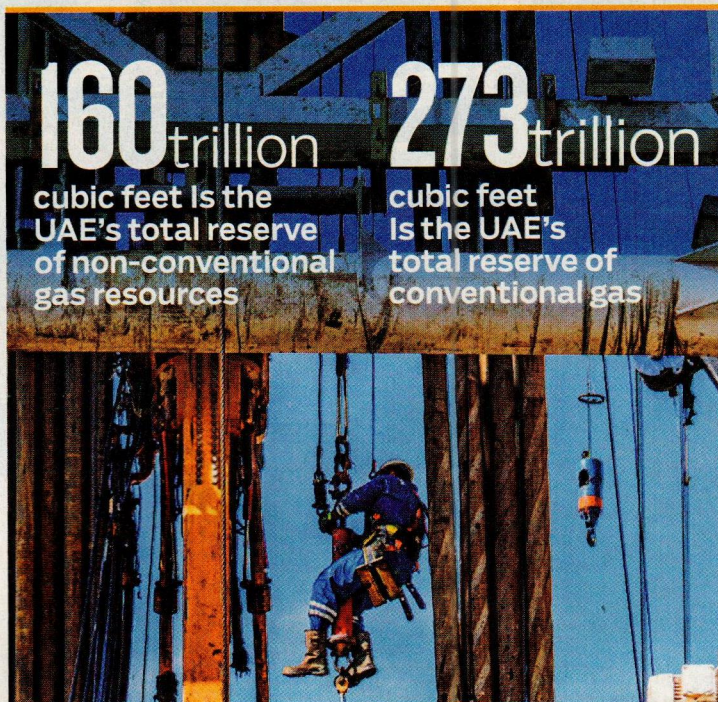
The world's largest estimated natural gas discovery since 2005 would act as a catalyst for the UAE's economic diversification, while boosting the country's oil GDP and external balances.

That's the assessment by economists and oil industry experts a day after the UAE announced the discovery of 80 trillion cubic feet of shallow gas reserve in a 5,000sq km area straddling Dubai and Abu Dhabi.

"This is an important project on a grand scale that could help secure the UAE's gas and electricity needs for years to come," Mohamed Elewa, Advisory Partner, Grant Thornton, told *Gulf News*.

The sheer size of the discovery – potentially making it the fourth biggest gas field in the Middle East – is what has got economists and industry experts excited. "The new gas find will certainly have a positive long-term impact on the UAE economy. The economic impact of this discovery will largely depend on how quickly commercial production can begin," Monica Malik, Chief Economist of Abu Dhabi Commercial Bank, told *Gulf News*.

The UAE is seeking to become self-sufficient in gas supply by 2030, a step that would allow it to break its reliance on imports and diversify its economy from the reliance on oil.



DISCOVERY COMES AT THE RIGHT TIME

- **Year of Planning for UAE's silver jubilee:** The discovery comes at the beginning of 2020, dedicated by the UAE as the year of planning for celebrations of its silver jubilee. The agreement will boost the country's technical and marketing capabilities, ushering in the UAE's ability to move from a self-sufficient country to an energy exporter, in line with its strategy of economic diversification
- **UAE's ability to diversify energy resources:** The strategic importance of the agreement lies in enhancing the UAE's ability to diversify and integrate resources with services, as it occupies a leading international position as a hub for business and services, tourism and clean energy projects.

It is building nuclear, solar and coal-fired power plants.

Other experts said the project will showcase the UAE's ability to move from a self-sufficient economy to an energy (power) exporter, in line with its strategy of economic diversification.

A senior manager with a top contractor at a Gulf energy consultancy, said: "...This is going to be a big bonus for the energy services industry."

FROM THE COVER — P2
EDITORIAL— IMPORTANCE OF
UAE'S ENERGY RESERVES: P8

4 REASONS WHY JEBEL ALI GAS DISCOVERY WILL SPEED UP UAE'S ECONOMIC GROWTH

*UAE moves
closer to energy
self-sufficiency
with Abu Dhabi-
Dubai project*

**ALL YOU NEED TO
KNOW ABOUT JEBEL
ALI GAS PROJECT**

WHAT: A massive new shallow gas field that is estimated to reserve



The massive gas discovery announced by the UAE authorities on Monday and the recent oil and gas finds are expected to make the country energy self-sufficient while boosting the oil-GDP [gross domestic product] and external balances, according to economists and oil industry experts. Here are four reasons why:

1 ENORMOUS RESERVOIR

Abu Dhabi National Oil Co (Adnoc) will jointly develop the new reservoir with Dubai Supply Authority (Dusup). The Jebel Ali reservoir has 80 trillion cubic feet of gas resources and the discovery is the largest in the past 15 years, experts said. The last major discovery was in 2005, when the Galkynsh field was found in Turkmenistan.

"The new gas find is an important step towards energy self-sufficiency for the UAE that will certainly have positive long term impact on the economy. The size of the [gas] find is significant and the shallow nature of the reserves makes it easy to extract gas at substantially lower costs. The economic impact of this discovery will largely depend on how quickly commercial production can begin," Monica Malik, chief economist of Abu Dhabi Commercial Bank, told *Gulf News*.

2 UAE AMONG TOP GLOBAL PLAYERS

Analysts say the UAE is moving fast to become self-sufficient in gas supply by 2030, a step that would allow it to break its reliance on imports from Qatar.

"This is an important project on a grand scale that could help secure the UAE's gas and electricity needs for years to come," said Mohamed Elewa, advisory partner, Grant Thornton.

Last November, the UAE had announced the discovery of major oil and natural gas reserves – taking the country to the sixth spot globally in both oil and gas reserves ranking, according to a statement by Abu Dhabi's Supreme Petroleum Council.

Together with my brother @HShkMohd we witnessed the announcement of "Jebel Ali Project" gas reservoir that ADNOC will develop in collaboration with DUSUP... a new source of energy supplies to support national economy and sustainable growth plans in UAE.



UAE moves towards energy self-reliance with Jebel Ali gas discovery

SCAN ME

80 trillion cubic feet is the estimated reserve of shallow gas at the Jebel Ali reservoir project

3 MITIGATE IMPACT OF OIL PRODUCTION CUTS

With new reserves that include 7 billion barrels of oil and 1.64 trillion cubic metres of conventional gas, the UAE is now comfortably positioned in terms of energy security. "The Jebel Ali reservoir has 80 trillion cubic feet of natural gas, making it the fourth-largest in the world, according to Bloomberg. It is unclear how long it will take to develop the field, but increasing natural gas production would boost hydrocarbon GDP, helping to mitigate the impact of oil

production cuts," said Khatija Haque, head of Mena Research at Emirates NBD.

4 GAME-CHANGER IN THE LONG TERM

In addition to recent large discoveries, there have been smaller gas finds – such as the one announced by Sharjah National Oil Corporation and its Italian partner ENI last month at the Mahani field in the emirate. Analysts said the new gas discovery is a positive development for the UAE economy, though it is not a short-term game changer. "The new gas discovery marks a significant milestone for the UAE and its journey towards gas self-sufficiency. At the current juncture, technical recovery levels from the depository remain unclear," said Ehsan Khoman, head of Mena Research and Strategy at MUFG. "Critically, market supply-demand fundamentals as well as gas price dynamics will be central in determining the commercial viability of extraction levels. What is clear, however, is that this development will provide a further positive impetus to the UAE's medium- to long-term economic growth trajectory," he said.