



# How Will the UAE Become an Oil Hub?

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The UAE has announced three major new developments that are intended to strengthen its position as an oil hub in the Middle East and prevent the pervasive creep of Chinese influence in the area. All three developments are in keeping with the UAE's role as a major stakeholder in the USA's strategy for the Gulf region.

The first development will focus on a significant expansion of the country's industrial sector, including a proposed upgrade of the Emirati energy sector. The second will concentrate on enticing more foreign interest into oil trading contracts, while the third centres on reducing the ability of Iran to disrupt oil supply chains through the Strait of Hormuz.

## Expanding industry

The first development is known as "Operation 300 Billion", so named for its ambition to increase the output of the UAE's industrial sector from \$36 billion today to \$81 billion inside the next decade. This goal is to be achieved via the creation of some 13,500 new businesses operating in a variety of different sectors, including construction, electricity, gas, manufacturing, mining and quarrying.

The jewel in the crown of "Operation 300 Billion", however, is a proposed expansion of the production capacity of the Abu Dhabi National Oil Company (ADNOC) from four million barrels per day (bpd) at the present time to five million bpd by the end of the decade. The changes will include production increases for the highly sought-after crude oil Murban, which is ranked among [the best quality oils](#) to be found anywhere on the planet thanks to its light and sweet characteristics.

## Attracting trade

That planned expansion leads on to the UAE's second stated ambition, which is the attraction of more foreign investment into the trading of its oil products. In particular, it has targeted India as a rapidly growing new market which is ripe for infiltration. Recent border skirmishes between India and China mean that the former will now look to diversify its fuel supplies away from the latter.

As a result, ADNOC is expected to play a major role in India's oil security, especially in the wake of the recent "relationship normalisation" agreement struck between the UAE and Israel. Although talks are still in their infancy, it's expected that ADNOC will announce a raft of deals with the Indian government in the coming months and years.



## Protecting against Iran

The final piece of the Emirati plan to make the country an oil hub involves future-proofing oil supplies and deliveries against potential disruption attempts by Iran. Iran frequently imposes blockades on the Strait of Hormuz, playing havoc with the transit of up to a third of the world's oil supplies, and that tactic is likely to become even more commonplace as Tehran finishes construction on its Guriyeh-Jask pipeline.

With that in mind, the UAE is aiming to expand the capacity of its Fujairah port, which is already the third largest oil bunkering centre on the planet and is located at a safe remove from Iran's attention. By increasing its overall storage capacity to some 17 million cubic metres in the next few years, the UAE can make Fujairah an excellent contingency plan in the case of Irani interference in global oil markets.