

## **ADNOC Signs \$1 Billion Deal with French TotalEnergies**

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The UAE's national oil company (Abu Dhabi National Oil Company, or ADNOC) has announced that its Gas division has penned a deal with the French conglomerate TotalEnergies, rumoured to be worth between \$1 billion and \$1.2 billion in value. The contract comes in the wake of an agreement announced last July between the two entities.

According to the terms of the deal, ADNOC Gas will supply TotalEnergies and its subsidiaries with liquified natural gas (LNG) over a three-year term. In essence, it's just one more symptom of European powers looking to wean themselves off reliance on Russian supplies of energy due to the ongoing conflict in Ukraine and the political fallout that has ensued.

### **Energy diversification**

Russia's invasion of Ukraine has caused repercussions across the globe, but perhaps the effect has been nowhere more pronounced than in Europe. Keen to stand in solidarity with the besieged Ukrainian government and deprive the Kremlin of vital funds for its assault, European leaders have been searching for ways to reduce their dependence on Russian crude oil and gas.

This has led to widespread diversification of energy sources, as EU nations seek alternative means of meeting demand. The UAE has already emerged as a key player in this respect, having signed an energy security deal with Germany in September last year. That accord allowed for the delivery of natural gas and diesel to Berlin, which has historically been one of the biggest importers of Russian energy.

Now, their Parisian counterparts appear to be following suits. TotalEnergies and its subsidiary Power Limited are set to import substantial amounts of LNG from ADNOC Gas over the period up until 2026. In this manner, French reliance on Moscow will also be curbed.

### **UAE leading the way**

The arrangement will only serve to enhance the UAE's reputation on the global stage when it comes to energy production and exportation. In 2021, for example, the country extracted some 57 billion cubic metres of natural gas. According to the Statistical Review of World Energy conducted by British Petroleum, that accounted for 1.4% of global production in that year.

Meanwhile, the UAE exported 8.8 billion cubic metres (roughly 15% of the overall production amount) that year, which was equivalent to 1.7% of total LNG exports worldwide. Not satisfied with resting on its laurels, however, the Emirati government is targeting an increase in its LNG production capacity in the future, with a figure of 15 million tonnes per annum in the crosshairs.

ADNOC Gas will serve as the conduit for that projected expansion. That's quite an achievement for a department which only came into operation at the beginning of 2023, but already has a deal worth over one billion dollars under its belt. With no signs of the Ukrainian war subsiding any time soon, the expanded capacity could find itself in high demand going forwards.