United Arab Emirates: Business Opportunities
Supply Oil & Gas Industry
United Arab Emirates: supply for oil & gas industry

Facts & Figures Energy Market UAE

• the UAE has proven oil reserves estimated at 97.8bn bbl,
• the UAE also held the world’s sixth-largest natural gas reserves at 6.0tcm at end-2010, and exports small volumes of liquefied natural gas (LNG) to Japan.
• Abu Dhabi dominates the UAE’s oil and gas sector, accounting for 94% of its oil (over 92bn bbl).
• Dubai contains just 4bn bbl of reserves, followed by Sharjah and Ras al-Khaimah,
  with 1.5bn bbl and 100mn bbl respectively.
• The UAE has the fourth-largest proven gas reserves in the Middle East, but is a net importer of gas.
• oil production rising to over 3.2mn barrels per day (b/d) by 2016 and nearly 3.5mn b/d by 2021, supported by re-development of mature fields, the deployment of enhanced oil recovery (EOR) and investment from IOCs and NOCs.

Business opportunities for Dutch suppliers to the Oil & Gas Industry in the UAE

Given the scale and scope of most of the work, most Dutch companies will work either on smaller partial tender packages or as subcontractors to the larger EPC’s. Several well-known Dutch companies are present and active in the field including Tebodin, Frames, Hytec, BAM, Royal Haskoning but also Boskalis and Van Oord (constructing new oil exploitation islands).

The EPC field is highly competitive with most major players present and well established. Among the consultants present are Foster Wheeler, Fluor, SNC Lavalin, Technip, Mott MacDonald, WorleyParsons Engineering, Tecnicas Reunidas, Veco Engineering, Petrofac and J Ray McDermott. Among the larger more successful contractors you will find companies such as GS Engineering, Saipem, Hyundai, Daewoo, Samsung and large local contractors (in the UAE for example Al Jaber and National Petroleum Construction Company (NPCC)).

In the last two years Asian contractors – mainly from South Korea – have begun to dominate contracting awards. When asked, local companies state that Asian contractors tend to compete well due to three factors: a) price, b) cohesiveness (the total package of contractors work well together) and c) delivery on time, in that order.

It is important to note that if one wants to work for government related entities directly, they often require local presence in the form of an established office or agency.

Chances are to be found in:

• Products & services to EPC’s, provided that the company is:
  o active in a niche market;
  o can stand severe competition on price;
  o can deliver very high standards on specs;
  o preferably, already has a track record with large consultancies such as Fluor, Petrofac, Foster Wheeler, Tebodin, etc.
• Products & services to NOC related companies, provided that the company is:
  o represented locally by an agent or has an office;
  o ready to spend time and effort increasing visibility in local market as well as relationships
  o active in a niche market or has a uniquely competitive product (there is a natural tendency towards US/UK/AUS brands which one has to outweigh);
  o familiar with local culture and business customs.

**Challenges**

• Due to old political and economic ties there is an overwhelming presence of US and UK companies in the Gulf. Recently Korean and Chinese companies have taken an increasing share of the market, competing on price and delivery-on-time;
• Scale, capacity and commitment of the provider/supplier remains key, and smaller companies may find it difficult to compete effectively. Typically, successful Dutch exporters will have a niche product or service and international experience.
• The whole process of registration and pre qualification can take up to 1,5-2 years. Patience and determination is needed and so:
  o A commitment to developing long term business in the Gulf is essential;
  o A general hurdle could be to find the right agent/sponsor to engage in a longterm relationship.

**The Players**

The main government vehicle is the Abu Dhabi National Oil Company (ADNOC), which dominates the Abu Dhabi upstream oil and gas sector. ADNOC has a right to take up to a 60 percent share in all new major oil projects and most of its 17 subsidiaries operate as part of JVs with International Oil Companies (IOCs) on a production sharing basis. Major foreign partners include BP, Petrofac, ExxonMobil, Total, Shell. Foreign firms are active in oil production, gas exports, lubricants supply and petrochemical schemes.

Offshore oil and gas fields in the emirate of Abu Dhabi are operated by the Abu Dhabi Marine Operating Company (ADMA-OPCO), a JV between ADNOC (60 percent), BP, Total, and JODCO.

Onshore oil exploration is managed by the Abu Dhabi Company for Onshore Oil Operations (ADCO) a JV between ADNOC (60 percent), BP, Shell, Total, ExxonMobil and Partex.

In the gas sector, ADNOC subsidiary Abu Dhabi Gas Industries (GASCO) processes associated and non-associated gas from the emirate with production in excess of 40 billion cubic meters (over 80 percent of all production).

Shell holds a 15 percent stake in GASCO and a 9.5 percent stake in ADCO.
Events UAE

11-14 November 2012: ADIPEC Abu Dhabi
IRO has the lead in the acquisition of participants for the Holland Pavilion. The Netherlands Embassy Abu Dhabi is strongly involved in organising networking activities.

Other regional events

6 – 9 December 2012: Basra Oil & Gas, Basra, Irak (www.basraoilgas.com)
11 – 13 March 2013: MEOS Middle East Oil & Gas show, Manama, Bahrein, (www.meos2013.com)
22 – 25 April 2013: Oil & Gas Libya, Tripoli, Libya (www.oilandgaslibya.com)
May 2013: Gastech 2013, Cairo, Egypt

Weblinks with information on local players:

<table>
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<tr>
<th>Major EPC Companies</th>
<th>Address</th>
<th>Tel:</th>
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<th>Website</th>
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</thead>
<tbody>
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ADNOC is by far the most important player in Oil & Gas

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ADNOC has 15 subsidiaries:

- Abu Dhabi Gas (ADGAS) - processing, marketing and distribution of liquefied petroleum gas and liquefied natural gas;
- National Drilling Company (NDC) - offshore and onshore drilling;
- Abu Dhabi Company for Onshore Oil Exploration (ADCO) - oil exploration, production and export from onshore oilfields;
- Abu Dhabi Marine Operating Company (ADMA-OPCO) - offshore oil and gas production;
- Zakum Development Company (ZADCO) - oil production of the upper Zakum field;
- National Petroleum Construction Company (NPCC) - construction of oil industries facilities;
- Abu Dhabi Gas Industries Ltd (GASCO) - production and operation of liquefied gas products;
- ESNAAD - production and marketing of mud chemicals, material handling services, waste management, chemical blending and manufacture;
- Abu Dhabi Oil Refining Company (TAKREER) - refining of crude oil, production of chlorine and related chemicals, sulphur granulation;
- Abu Dhabi Petroleum Ports Operating Company (IRSHAD) - operations of oil exporting ports such as Ruwais and Jebel Dhanna;
- Ruwais Fertilizer Industry (FERTIL) - production and marketing of urea and ammonia in the Ruwais plant;
- ADNOC distribution - distribution, storage and transport of refined products;
- Abu Dhabi National Tanker Company (ADNATCO) - transportation of crude oil and refined products;
- Abu Dhabi Polymers Company Ltd (Borouge) - processing and production of ethylene and polyethylene;
- National Gas Shipping Company (NGSCO) - shipments of liquefied gas products from Das Island.
More information?

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