

Monday 6 July – Sunday 12 July

Gulf Cooperation Council



What we're keeping an eye on ADNOC's global expansion

This week, the **UAE's** ADNOC has aggressively pursued its transformation from national energy champion to a globally integrated energy and downstream player. LNG and fuel distribution are the key thematic focuses. It has ordered 4 new LNG carriers, taking its expected fleet to 18 vessels by 2029, while creating a dedicated LNG marketing and trading platform targeting 47 million tonnes per annum (mtpa) of marketable supply by 2035. Its international investment arm, XRG, has acquired a 32% stake in 3 Argentinian blocks linked to a planned 12 (mtpa) national LNG project. ADNOC Distribution has eyes set to acquire additional fuel pumps across Africa, the Middle East and Southeast Asia; it has just purchased Shell's South Africa downstream business – 580 pumps amounting to 10% market share – for a US\$1bn.

This paints a portrait of the UAE's post-OPEC strategy. This looks to be expanding production and diversifying export channels; enabling energy security through asset ownership; and hedging against financial risks by diversifying revenue streams and potential customers. While the geographical remit and objectives are clear, the order of priorities is not.

AI and semiconductors

- Washington will “significantly upgrade” the **UAE's** export status, giving it “enhanced favourable treatment” to export and transfer US military equipment, satellites, spacecrafts, AI, and energy technologies. It will also remove restrictions to its drone programme. According to Washington, this is a recognition of the UAE's status as a US major defense partner and support in advancing US security interests, including during Operation Epic Fury.
- In another sign of the **UAE's** partnership with the United States and Microsoft, Inception42 will build AI agents to work on Microsoft's Copilot software, which is already on 35,000 Abu Dhabi personnel's computers.

Critical minerals and metals

- **Saudi Arabia** hands Prince Abdulaziz bin Salman remit of the Ministry of Industry and Mineral Resources, with outgoing Bandar Alkhorayef now overseeing the General Authority for Military Industries as Minister of State.
- The **UAE's** Emirates Global Aluminium (EGA) is resuming activities in its Taweelah alumina refinery following a 3-month lull following Iranian drone attacks; resumption of full production is expected by year's end. The plant refines 2.4m tonnes, addressing 46% of EGA's needs. EGA produces 4% global aluminium demand.

Trade

- Gulfair is seeking to become a key enabler of the **UAE's** “zero-Hormuz” strategy, positioning Sharjah to absorb 90% of the UAE's container demand in the event of a closure of the Strait of Hormuz. A US\$2bn investment will expand Khor Fakkan's capacity from 3.5m TEUs to 5m within three months and 10m within three years. New dry ports in Dhaid and Sajaa will add a further 2.3m TEUs of inland capacity.
- **Oman** plans to invest US\$2.6bn in its road networks to cement post-war trade gains. The investment will improve access across two remits. The first is Sohar Port, the country's largest port and freezone, and starting point of Hafeet railway which terminates in Abu Dhabi's Al Ain. The second is Oman's Al Dhahirah region, near the Saudi border, where improved connectivity will strengthen overland supply chains.
- **Oman's** Asyad Shipping has contracted Hyundai Heavy Industries to build 6 medium-range tankers, each with a deadweight capacity of 49,999. The vessels will focus on energy products and are scheduled for delivery by 2029.

