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Contents

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Emirates shake-up: ADNOC's new LNG strategy hinges on exploration success

The Abu Dhabi National Oil Company (ADNOC) – which controls almost all of the UAE's production – has embarked on an ambitious new strategy which will boost natural gas output and aims to return the UAE into the position of being a net gas exporter. Earlier this month, its self-sufficiency goal was supported by the announcement of the new Jebel Ali discovery, which may add a massive 80 Tcf to the UAE's reserves.

The impact of ADNOC's new approach is already being felt in LNG. The 5.8 mtpa ADNOC LNG export plant has been given a new lease of life, with announcement of a new gas supply deal which will keep the plant operating to 2040. And while UAE LNG imports grew significantly – by 0.6 mt year on year – in 2019, they are still less than half their peak in 2016.

The change is not only about volumes. With the expiry of the decades-old sales arrangements with Japan, ADNOC LNG has been transformed from a traditional 'tram lines' supply project to an active participant in the short-term markets. What remains to be seen is how far this transformation can go and how realistic talk of an expansion in the UAE's LNG exports, which has been encouraged by the Jebel Ali discovery, is.

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