

# Gulf countries will invest about \$200b to boost energy output

Gulf Cooperation Council countries will be investing \$160 billion-\$200 billion to develop 14-20 energy projects, according to reports from the energy sector.

Dr Abdullah Al Amiri, chairman of the Emirates Energy Award, told Gulf News that this amount would be invested "in the next 10-12 years to meet the increase in the Gulf energy consumption."

He said most of the investment in UAE would be for erecting utility projects like power and district cooling plants, to meet the demands in energy consumption, especially in the construction business.

"Currently, the consumption in the UAE is growing at an average rate of 10 per cent annually, while some emirates like Dubai will probably reach growth of 19 per cent this year," he said, adding that this will continue to reach 100 per cent in five years, doubling the country's consumption.

"The GCC countries have overcome the fears associated with any predictable decline of energy funds following the US economic recession, or a fall in oil prices," Al Amiri said in a statement. "The high amount of liquidity injected into the region will secure the market against any slump. The foreign reserves available in the market, estimated at \$455 billion in 2008, up from \$365 billion in 2007, will further defend the market against any fall," he said.

Following the positive outlook on initial results and successful experiments, the GCC countries are prepared to safely invest in the energy sector as there is an increasing global trend to raise investment to cover the \$40 billion required in the petrochemical sector by 2010, reports say. GCC petrochemical production contributes seven per cent to the world's total production, according to reports.

## Solar energy

While solar energy accounts to only one per cent of world's energy sources at the moment, investments are expected to increase in the sector by almost 50 per cent in two years.

Trailing the international trend towards renewable energy, the GCC countries are also heading in the greener direction.

Al Amiri said that solar energy projects are picking up speed and have potential in the UAE. However, investments in the alternative energy sector are still less, he says. "The initial cost is still expensive and we are relying on outside technology", he said. "The countries in the region are still not investing a lot in alternative energy."

He said investors, especially governments, back down when they find that the initial costs in alternative energy projects are high.

Richard Banks, director of Middle East Euromoney Conferences and partner of ADIPEC (Abu Dhabi International Petroleum Exhibition Conference), said that the investments in the energy sector should be focused on renewable sources. "Initiatives such as Masdar show how this is possible. The GCC should perhaps focus on using renewable resources to replace its consumption of its own hydrocarbon resources and free them up for export or downstream processing rather than using them for fuel or electricity generation."

Banks, predicting on the type of projects the Gulf countries will be investing in, expects "a definite increase in 'mega-projects' as these are currently popular and they show no signs of slowing down."

"There may also be more diversified and country-specific projects and this will be as a direct result of increased innovation across all angles," he said.

However, reports suggest that the growth of the six Gulf countries could remain within the world growth rate, owing to the \$132 billion current account surplus. The GCC countries have already begun to play an increasingly major role as exporters of capital for emerging countries - estimated at \$30 billion, according to a latest report on world growth.