

UAE

Market report

Electrical equipment and appliances

Macroeconomic country data	1
Sector definition.....	2
Market assessment.....	3
Analysis of market dynamics:	6
Competition and Italy's market standing.....	9
UAE- Generator's market trends	9
Sector related media and trade fairs.....	10
Market forecast	12
Sources.....	13

February 2011

Macroeconomic country data

Population, million	2009: 6.5 (e) 2010: 6.7 (f) 2011: 7.0 (f) 2012: 7.3 (f) 2013: 7.7 (f) 2014: 8.1 (f) 2015: 8.3 (f)
GDP (US\$ m at market exchange rates)	2009: 248,925 (e) 2010: 269,631 (f) 2011: 301,316 (f) 2012: 328,307 (f) 2013: 357,746 (f) 2014: 398,852 (f) 2015: 408,957 (f)
GDP per capita, (US\$ at market exchange rate)	2009: 38,205 (e) 2010: 40,022 (f) 2011: 42,963 (f) 2012: 44,711 (f) 2013: 46,356 (f) 2014: 49,034 (f) 2015: 49,050 (f)
GDP (US\$ m at PPP)	2009: 178,070 (e) 2010: 182,889 (f) 2011: 191,882 (f) 2012: 205,114 (f) 2013: 220,834 (f) 2014: 240,011 (f) 2015: 261,923 (f)
GDP per capita (US\$ at PPP)	2009: 27,330 (e) 2010: 27,147 (f) 2011: 27,360 (f) 2012: 27,933 (f) 2013: 28,615 (f) 2014: 29,506 (f) 2015: 31,415 (f)
Household consumption (US\$ m)	2009: 118,100 (e) 2010: 128,729 (f) 2011: 140,315 (f) 2012: 155,749 (f) 2013: 175,997 (f) 2014: 198,876 (f) 2015: 224,730 (f)
Household consumption per capita (US \$)	2009: 18,130 (e) 2010: 19,110 (f) 2011: 20,010 (f) 2012: 21,210 (f) 2013: 22,810 (f) 2014: 24,450 (f) 2015: 26,954 (f)
Goods Exports, US\$ billion	2008: 164.3 2009: 179.8

	2010: 223.1 (f) 2011: 243.2 (f)
Prime rate, % (16.02.2010)	1.00%
UAE Exports (non-oil) to Italy, in thousand Dh. and kg	2008: 102,899,641 (Weight) 2008: 477,278,020 (Value)
Imports, US\$ billion	2008: 153.9 2009: 122.3 2010: 157.3 (f) 2011: 169.9 (f)
UAE Imports from Italy, in Thousand Dh. and kg	2008: 845,357 (Weight) 2008: 21,759,907(Value)
Trade balance between UAE & Italy, US\$ billion	2008: 62.9 2009: 39.7 2010: 65.8 (f) 2011: 73.3 (f)
Unemployment, % of labour force	2008: 4% 2009: 4.5%
Exchange rate AED/USD (03.02.2011)	3.673
Exchange rate AED/EUR (03.02.2011)	5.077

Source: IMF, UAE Central Bank, Ministry of Economy; (e) estimated, (f) forecast

The United Arab Emirates (UAE) is made up of seven emirates and is part of the Cooperation Council for the Arab States of the Gulf (GCC). The fallout from the economic crisis is also felt in the business environment, although the impact should be largely positive in the long term. After a precipitous drop in economic growth from 7.4% in 2008 to an estimated -2.9% in 2009, real GDP growth is projected to climb to 2.8% in 2010 and 5.2% in 2011. In 2009 the UAE had a GDP of US\$ 248.9 billion, composed by the following sectors: Agriculture (1.1%), industry (48.6%) and services (50.2%). The main trade partners of the UAE are China, India, USA, Japan, Germany, Italy, UK, and Saudi Arabia.

Sector definition

This report provides a comprehensive overview of the sector for electrical equipment and appliances in the United Arab Emirates. Electrical equipment includes any machine or tool powered by electricity. They usually consist of an enclosure, a variety of electrical components and a power switch.

This report will focus on engines and components of the electrical distribution system like electrical switchboards, electricity meters and transformers.

The relevant products by HS code are:

HS Code	Product
Gas generators	
84051000	Producer gas or water gas generators, with or without their purifiers; acetylene gas generators & similar water process gas generators, with or without their purifiers.
84059000	Parts of producer gas or water gas generators, with or without their purifiers or of acetylene gas generators & similar water process gas generators, with or without their purifiers.
Generators	
85013100	DC motors & DC generators, of an output not exceeding 750 W.
85013200	DC motors & DC generators, of an output exceeding 750 W but not exceeding 75 KW.
85013300	DC motors & DC generators, of an output exceeding 75 KW but not exceeding 375 KW.
85013400	DC motors & DC generators, of an output exceeding 375 KW.
85016100	AC generators (alternators), of an output not exceeding 75 KVA.

85016200	AC generators (alternators), of an output exceeding 75 KVA but not exceeding 375 KVA.
85016300	AC generators (alternators), of an output exceeding 375 KVA but not exceeding 750 KVA.
85016400	AC generators (alternators), of an output exceeding 750 KVA.
85114000	Starter motors & dual purpose starter-generators
85115000	Generators of a kind used for internal combustion engines, n.e.s.
85432000	Signal generators.
Transformers	
85042100	Liquid dielectric transformers, having a power handling capacity not exceeding 650 KVA.
85042200	Liquid dielectric transformers, having a power handling capacity exceeding 650 KVA but not exceeding 10,000 KVA.
85042300	Liquid dielectric transformers, having a power handling capacity exceeding 10,000 KVA.
85043100	Transformers having a power handling capacity not exceeding 1 KVA, other than those of liquid dielectric type.
85043200	Transformers having a power handling capacity exceeding 1 KVA but not exceeding 16 KVA, other than those of liquid dielectric type.
85043300	Transformers having a power handling capacity exceeding 16 KVA but not exceeding 500 KVA, other than those of liquid dielectric type.
85043400	Transformers having a power handling capacity exceeding 500 KVA, other than those of liquid dielectric type.
85049000	Parts of electrical transformers, static converters & inductors.
Resistors	
85333100	Wire wound variable resistors, including rheostats & potentiometers for a power handling capacity not exceeding 20 w.
85333900	Wire wound variable resistors, including rheostats & potentiometers for a power handling capacity exceeding 20 w.
85334000	Variable electrical resistors, including rheostats & potentiometers other than those of wire wound type.
Panels, switches	
85371000	Boards, panels, consoles, desks, cabinets & other bases equipped with two or more apparatus of heading 85.35 or 85.36, for electric control or distribution of electricity for a voltage not exceeding 1000V including those incorporating instruments or appara
85365011	Switches
85372004	Panels
85389000	Fitting Accessories
85444103	Electric Conducts with Switches
85372002	Electric Switch gear low volt
85372015	Control Panels
85372007	Distribution Boards

Market assessment

Local production:

According to a UAE Power Report (BMI), in 2014 the country will account to 7.31% of Middle East and Africa (MEA) power generation. The estimated power generation for 2010 was 1,221 terawatt hours (TWh), representing an increase of 4% over the previous year (where the markets were depressed by the economic slowdown). Final figures for 2010 are not available yet. An increase in

regional generation to 1,463 TWh by 2014 is forecasted, representing a rise of 19.8% between 2010 and the end of the period.

The UAE's thermal generation in 2010 was estimated 90.5 TWh, or 7.96% of the regional total. By 2014, it is expected that the regional thermal generation rises to 8.02%.

For 2010 the MEA thermal power generation was estimated at 1,138 TWh, this stands for 93.2% of the total electricity supplied in the region. The forecast for 2014 is 1,333 TWh, implying 17.2% growth between 2010 and 2014, which reduces slightly the market share of thermal generation to 91.1%, thanks in part to environmental concerns that should lead to the promotion of renewables, hydro-electricity and nuclear generation.

Currently the UAE is ranking second in the Power Business Environment rating, right behind Qatar. This is due to the developed competitive landscape, privatization progress, population and power consumption growth.

Local consumption:

Consumption per head across the UAE grew by almost 23% between 2005 and 2009 to 14,988 kwh, especially in Dubai and, to a lesser extent, Abu Dhabi, owing to fast-rising populations, particularly of expatriates, and rapid economic growth. However, the economic downturn slowed the pace of growth, especially in Dubai, where growth almost halved in 2009. Demand has since picked up, and in July DEWA announced an increase of 9.6% in the annual peak load.

A number of companies involved in major property development schemes ran into severe financial difficulties, and the population is thought to have decreased. The picture is complicated by the various figures published by the separate emirates' utilities providers, and is one of demand and supply running in increasingly precarious balance: in Dubai peak demand was 6,161 mw in 2010 and installed capacity was 6,997 mw; according to a 20-year forecast published by the Abu Dhabi Water and Electricity Company, —the government off taker—demand would rise to 15,069 mw by 2015 from 6,542 mw in 2009, and capacity in 2009 stood at around 10,000 mw.

The forecast for the increase in the UAE electricity generation is 50% between 2010 and 2019. This is almost in the middle of the range of the MEA region. This equates to 27.0% in the 2014-2019 period, up from 18.1% between 2010-2014.

High consumption per head is encouraged by heavily subsidized prices and the resulting lack of an energy-saving culture, which the four utilities are tentatively beginning to tackle through slab pricing, where larger tariffs apply to higher consumption. However, it remains too difficult politically to force nationals to pay market prices, and the new sliding tariffs affect only non-national and industrial consumers. As a result, the supply/demand balance has become increasingly tight, as was starkly highlighted by the need in summer 2007 for Abu Dhabi to divert gas from oilfield reinjection to feed power stations and prevent potential blackouts - in spite of the risk of long-term damage to hydrocarbons reservoirs.

UAE's Consumption and Production of Electricity:

Electricity consumption and supply								
	2009(a)	2010(b)	2011(b)	2012(b)	2013(b)	2014(b)	2015(b)	2020(b)
Consumption (gwh)								
Industry	6,624	6,704	6,909	7,133	7,564	7,833	8,133	10,215
Transport	0	0	0	0	0	0	0	0
Residential	30,637	32,359	34,406	36,710	40,827	43,388	45,733	57,852
Commercial & public services	22,937	23,190	23,810	24,529	25,323	26,315	27,540	34,197
Other	23,162	23,885	24,597	25,464	26,681	27,877	29,087	35,553
Total	83,361	86,138	89,722	93,837	100,395	105,413	110,493	137,817
% change, year on year	0.2	3.3	4.2	4.6	7.0	5.0	4.8	4.6
Capacity (mwe)								
Combustible fuels	15,690	17,690	18,290	19,790	22,190	24,490	26,755	34,565
Nuclear	0	0	0	0	0	0	0	2,800
Hydro	0	0	0	0	0	0	0	0
Non-hydro renewables	0	0	100	175	250	325	400	775
Solar	0	0	100	175	250	325	400	775
Net maximum	15,690	17,690	18,390	19,965	22,440	24,815	27,155	38,140

(a) Economist Intelligence Unit estimates. (b) Economist Intelligence Unit forecasts.

Source: Economist Intelligence Unit.

Analysis of market dynamics:

Import and export data:

The main importing countries for product groups relevant for this report in 2008 were China (16%), Germany (10%), Japan, USA and Italy (8.7%), followed by India, South Korea, France and the United Kingdom.

Products most sought after in the market are the following:

IMPORT 2007				IMPORT 2008				IMPORT 2009				IMPORT till October 2010			
HS CODE	WEIGHT KG	VALUE US\$	SHARE	HS CODE	WEIGHT KG	VALUE US\$	SHARE	HS CODE	WEIGHT KG	VALUE US\$	SHARE	HS CODE	WEIGHT KG	VALUE US\$	SHARE
85043400	25,091,933	209,137,088	9.81%	84119900	9,559,970	523,359,000	13.32%	85043400	25,269,151	280,371,043	8.64%	85371000	7,588,113	173,726,000	14.49%
84137000	13,751,218	181,281,173	8.49%	84118200	9,534,415	411,195,188	10.47%	85371000	10,681,275	256,409,708	7.90%	84137000	11,690,271	153,240,000	12.78%
85371000	8,272,337	171,030,366	8.01%	85043400	27,783,817	284,892,541	7.25%	85042300	17,691,952	221,375,284	6.82%	84139100	6,442,687	143,917,000	12.04%
84139100	9,556,780	156,927,214	7.35%	84137000	14,120,640	199,726,102	5.08%	84137000	14,580,242	206,534,665	6.39%	85042300	14,737,476	143,815,000	11.99%
85389000	11,387,687	148,279,320	6.94%	85389000	12,979,623	198,562,816	5.05%	85389000	11,958,717	206,531,843	6.36%	85389000	6,627,880	103,042,000	8.59%
84029000	13,475,957	110,158,285	5.16%	85042300	17,188,867	192,782,185	4.95%	84139100	9,505,076	179,801,351	5.54%	85043400	9,583,138	83,532,200	6.96%
Others	421,202,868	1,157,943,861	54.24%	Others	501,050,751	2,115,904,555	53.88%	Others	397,556,045	1,892,856,047	58.35%	Others	125,147,538	397,381,000	33.15%
TOTAL	502,738,780	2,134,757,307	100.00%	TOTAL	592,218,083	3,926,422,387	100.00%	TOTAL	487,242,458	3,243,879,941	100.00%	TOTAL	181,817,103	1,198,653,200	100.00%

Imports by product categories 2007 – 2010:

Product category	IMPORT 2007			IMPORT 2008			IMPORT 2009			IMPORT till October 2010		
	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE
Gas Generators	523,057	12,494,733	0.71%	413,284	13,167,041	0.39%	1,448,391	42,895,780	1.62%	1,083,652	23,290,000	1.81%
Generators	13,843,967	122,104,041	7.02%	16,001,748	139,065,181	4.21%	18,768,121	250,235,708	9.48%	127,574,462	143,731,000	11.21%
Machinery, appliances, electrical + equipment	90,461,776	793,673,702	45.65%	111,840,834	1,997,089,762	60.27%	86,329,611	1,104,612,578	41.88%	10,972,209	123,753,000	9.64%
Panels, switches	19,660,024	319,309,687	18.36%	22,358,419	373,719,121	11.27%	22,639,992	462,941,551	17.54%	37,061,368	649,644,000	50.65%
Resistors	108,346	2,274,846	0.15%	346,558	5,594,129	0.18%	155,193	8,123,207	0.32%	154,464	2,602,200	0.22%
Transformers	177,031,757	488,693,294	28.11%	86,160,252	784,544,208	23.67%	73,117,835	769,115,356	29.16%	38,553,707	339,545,000	26.47%
TOTAL	301,628,927	1,738,550,303	100.00%	237,121,095	3,313,179,442	100.00%	202,459,143	2,637,924,180	100.00%	215,399,862	1,282,565,200	100.00%

Re-Exports by product categories 2007 – 2010:

Product category	RE-EXPORT 2007			RE-EXPORT 2008			RE-EXPORT 2009			IMPORT till October 2010		
	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE
Gas Generators	53,817	434,496	0.17%	454,431	9,062,777	1.16%	272,308	6,234,786	2.57%	229,769	4,858,510	3.59%
Generators	544,567	10,337,498	3.99%	9,096,854	38,289,734	4.92%	8,459,230	59,186,632	24.47%	7,731,647	37,529,500	30.61%
Machinery, appliances, electrical + equipment	3,347,582	50,063,927	19.36%	51,036,460	656,541,581	84.32%	33,956,803	130,642,299	54.04%	4,607,630	24,038,900	18.60%
Panels, switches	4,912,654	33,113,465	12.79%	5,307,213	47,391,003	6.08%	3,512,662	34,401,499	14.22%	8,048,493	37,266,700	29.39%
Resistors	5,557,485	15,464,344	5.97%	6,394	230,742	0.03%	18,871	2,253,447	0.93%	76,654	1,996,300	1.62%
Transformers	47,474,430	149,391,518	57.72%	3,123,040	27,210,153	3.49%	1,562,623	9,120,084	3.77%	2,471,420	16,905,600	16.19%
TOTAL	61,890,535	258,805,248	100.00%	69,024,392	778,725,990	100.00%	47,782,497	241,838,747	100.00%	23,165,613	122,595,510	100.00%

Exports by product categories 2007 – 2010:

Product category	EXPORT 2007			EXPORT 2008			EXPORT 2009			EXPORT till October 2010		
	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE	WEIGHT KG	VALUE US\$	SHARE
Gas Generators	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
Generators	51,900	84,610	0.11%	353,655	1,186,664	1.01%	255,065	6,589,123	4.85%	68,298	1,272,793	0.62%
Machinery, appliances, electrical + equipment	17,904,762	52,197,364	67.02%	32,798,827	65,729,067	55.88%	21,406,040	69,846,991	51.41%	2,931,409	40,647,455	19.94%
Panels, switches	480,817	6,539,147	8.39%	1,064,672	14,715,280	12.52%	598,310	7,218,365	5.32%	1,406,812	80,405,033	39.44%
Resistors	0	0	0.00%	200	409	0.00%	0	0	0.00%	0	0	0.00%
Transformers	2,942,663	19,074,683	24.48%	5,855,233	35,978,214	30.59%	8,617,551	52,204,156	38.42%	4,647,815	81,500,924	40.00%
TOTAL	21,380,142	77,895,804	100.00%	40,072,587	117,609,634	100.00%	30,876,966	135,858,635	100.00%	9,054,334	203,826,205	100.00%

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Foreign Direct Investments:

The UAE is after Saudi Arabia the main recipient of foreign direct investment in the Gulf region.

The UAE has attracted more than \$73 billion in foreign direct investment (FDI) since it was created nearly four decades ago to emerge as the second top capital recipient in the region, according to UN statistics.

Cumulative FDI flow into the UAE totaled around \$73.4 billion, nearly 26 per cent of the combined foreign capital received by the six-nation Gulf Cooperation Council (GCC), which controls over 45 per cent of the world's oil.

Taken together, FDI by the UAE and Saudi Arabia accounted for around 80 per cent of the total FDI of nearly \$278 billion received by the 29-year-old GCC.

In the six year period from 2003 to 2008, the UAE experienced the largest rise in 2008 in terms of both FDI project numbers and capital investment, with a 70% rise on project figures compared to 2007. In 2008, the UAE attracted 480 FDI projects consisting of \$4.8 billion of capital investment and the creation of over 87,000 jobs. This accounted for a third of all project numbers, capital investment and job creation in the UAE between Jan 2003 and Jan 2009.

Competition and Italy's market standing

Increasing trade between Italy and the Middle East has prompted a high level delegation of Italian companies to visit major industry players in Dubai in a bid to boost the country's exports to the region.

A key meeting with senior executives of Dubai World Central (DWC) generated massive interest among the Italians in its unique business offering.

"DWC will eventually become a key entry point for Italian products, not only to the U.A.E. but to the region as a whole," said Pierluigi Cassani, foreign project department manager at Rimini Fiera.

"The Middle East is known for its love of high quality, upscale offerings, something that is synonymous with Italian products, and Dubai World Central will be the perfect entry point into this rapidly expanding market.

"Italian exports to the region grew by over 28 percent 2009 amounting to U.S. \$3.8 billion, and with similar trade visits, we expect that growth to continue in the next two-three years. Currently, the United Arab Emirates is Italy's leading GCC trade partner."

DWC presented extraordinary business opportunities through land sales and lease to companies interested in setting up partnerships with qualified players across all its components – Residential City, Commercial City, Golf Resort, Dubai Logistics City, Dubai World Central International Airport – the world's biggest, and Aviation City.

UAE- Generator's market trends

The UAE and other Gulf oil producers need to set up major diesel generator projects to take advantage of a rapid growth in demand for such machines because of a steady expansion in the power sector.

The government-controlled Emirates Industrial Bank (EIB) made the proposal on the grounds regional nations rely heavily on imported generators and such industries constitute a major part of small and medium enterprises (SMEs) that are vital for the diversification of their oil-reliant economies.

In its monthly economic bulletin, EIB said demand for such generators in the UAE leaped by 40 per cent to Dh1.23 billion in 2008 because of the high growth in power consumption due to an upsurge in construction and other sectors.

With increasing domestic demand, the electricity industry in UAE has been growing consistently each successive year. The UAE economy has not only seen increased production and the study noted that there are no hydro or nuclear plants in the region and that nearly 97 per cent of the power production reportedly uses gas. The remaining three per cent is produced by generation sets run by diesel or steam turbines.

“There are several plants in the northern areas of the UAE which have to rely on diesel as a raw material because of lack of easy availability of gas... gas is not easily available in those areas and consequently production of electricity there is highly dependent on diesel fuel. Almost an estimated 75 per cent of the electricity production in the Northern Emirates is from diesel oil,” EIB said.

The western areas are more easily connected on a common grid for electricity transmission as these are closer to the large electricity production units in Abu Dhabi. However, the need for diesel electricity generators comes not only from electric companies for further distribution, but there is also a large consumer demand for locations or situations viewed to be in an ‘island’ mode, namely those that cannot be temporarily or permanently connected to a fixed grid, including ships, mobile homes, isolated rural locations and land under fresh development.

Demand for diesel generators comes from several sources, with the small capacity units being widely used for emergency power as backups. However, many also have a secondary function of feeding power to utility grids during peak periods or when there is a shortage of large power generators. Demand from ships is particularly significant to provide electricity not only for on-board electric appliance and gadgets but sometimes also for the main propulsion.

Sector related media and trade fairs

Principal fairs related to the sector

Fair title:	Middle East Electricity
Place	Dubai International Exhibition Centre
Frequency, next edition	Yearly, 8-10 February 2011
Short description	Middle East Electricity is one the largest international gatherings of companies and professionals operating in the power generation, lighting, water, new & renewable and nuclear energy industries.
Website	www.middleeastelectricity.com

Fair title:	WEPower 2011
Place	Dhahran International Exhibition Centre
Frequency, next edition	15 - 17 May, 2011
Short description	The international water, electricity & power generation event returns to Dammam, Eastern Province of Saudi Arabia for the 7th year in 2011. Officially supported by the Saudi Ministry of Water & Electricity and sponsored by Saudi

	Aramco, WEPower is the largest water and power conference and exhibition in the Kingdom.
Website	www.wepower-sa.com
Fair title:	Power Generation Middle East
Place	Abu Dhabi National Exhibition Center-Abu Dhabi-UAE
Frequency, next edition	Yearly, 3-5 October 2011
Short description	Main areas of interest include: Power generation, transmission & distribution, automation & controls and research & technology.
Website	www.powerandwaterme.com
Fair title:	Power-Gen Middle East
Place	Doha Exhibition Centre
Frequency, next edition	Yearly, 24 - 26 October 2011
Short description	POWER-GEN Middle East provides an annual forum where industry leaders can address technical issues, introduce pioneering technology and share lessons learned about power generation, transmission & distribution and water industries.
Website	www.power-gen-middleeast.com
Fair title	Solar Tec 2011
Place	Cairo International Conference Center (CICC)
Frequency, next edition	10 - 13 December 2011
Short description	A first time in Egypt, expect leading solar power experts to attend, in addition to major financiers and regulatory bodies. A network of core professionals working together to expand markets. SOLAR -TEC will be hosted alongside lead events within the power and energy field: ELECTRICX, SMART-GRID and WIND-TEC. Last year alone, 18,000 visitors walked through the doors of ELECTRICX and MEFSEC
Website	www. http://solarenergy-event.com/

Sector related magazines

Publication title	FUTURE FUELS MAGAZINE
Frequency	Monthly
Circulation	20,877 copies
Target group	Top and middle management in the power generating industry
Topics	Future energy, sustainability, environmental, corporate responsibility
Website	www.futurefuelsme.com

Publication title	UTILITIES MIDDLE EAST
Frequency	Bi-weekly
Circulation	15,100 copies

Target group	Top and middle management of the utilities industry
Topics	Utilities Middle East delivers insights for senior professionals working within the utilities sector across the GCC. It is targeted at end users from the region's water, electricity and gas industry and includes news, features, comment, data, analysis and case studies covering the sector.
Website	www.utilities-me.com

Publication title	UTILITIES DIRECTORY
Frequency	Yearly
Circulation	8,000 print copies, online version on www.arabianoilandgas.com , reaches 21,000 decision makers in total
Target group	Contractors, consultants, developers, government authorities
Topics	The Utilities Middle East Directory is the ultimate reference tool for contractors, consultants, major project developers and Government authorities in the GCC region. It is also a reference point for organisations in the Utilities industry to source various suppliers and services, identify new business partners and build better business networks.
Website	www.utilities-me.com

Market forecast

The Government has cut its 10-year forecast for electricity demand by about 30 per cent, suggesting it expects the recent global recession to have a long-lasting impact on the national economy.

It is said that the country had 18,500mw of installed capacity at the end of last year.

The UAE's water and electricity sector is set to attract Dhs35bn (\$9.5bn) worth of investments over the next five years. This has attracted India's Elecrama, the largest electricity exhibition in the East to attract power generating companies from the emirates.

The Abu Dhabi Water and Electricity Company, the utility owned by the Abu Dhabi Government, predicted last April that the largest emirate would need 19,648mw of power generation capacity in 2020, a threefold increase from the 6,542mw of peak electricity demand projected for this year.

That implies a big slowdown in the rate by which electricity demand is now expected to grow in Dubai, the emirate with the next biggest economy and population. The BMI report forecasts that UAE will account for 5.77% of the regional power generation by 2011. The BMI report estimates that MEA power generation for 2007 is 1,136 terawatt hours (twh), representing an increase of 5.8% over 2006. The report forecasts an increase in regional power generation to 1,473 twh by 2011, representing an increase of 29.7% between 2007 and 2011. In 2007, the thermal power generation is estimated to be 1,005 twh, accounting for 88.4% of the total electricity supplied in the MEA region. The report forecast for 2011 is 1,289 twh, implying 28.3% growth. This reduces slightly the market share of thermal power generation to 87.5%. This reduction is partly anticipated in response to environmental pressures to promote renewable energy sources and nuclear power generation.

The UAE thermal power generation in 2006 is estimated at 58.8 twh, or 6.19% of the regional total. By 2011, UAE is expected to account for 6.60% of regional thermal power generation. BMI is

forecasting an average 7.4% annual increase in generation to reach 85 twh by 2011, all of which will be thermal.

BMI is forecasting that electricity consumption per capita will increase by 2% over the period 2006-2011.

The UAE power consumption is expected to increase from an estimated 56.6 twh in 2006 to 89 twh by 2011.

The country's steadily large hunger for electricity and fresh water results in big projects for new power and desalination plants. In the years 2009 to 2011 USD 24.4 billion will be spent on power plants. The budget for electricity distribution is USD 2.0 billion; USD 3.9 billion will be allocated to desalination projects. The rising number of residential and commercial buildings as well as industrial undertakings will fuel the demand for (domestic) electrical engineering..

The largest electricity projects in the UAE (in billion USD)			
Project	Developer	Status	Budget
UAE Nuclear Power Programme	ENEC	Tender	15.0
Abu Dhabi Nuclear Plant	ADWEA	Study	8.0
Coal-fired Power Plant in Dubai	DEWA	Study	5.0
Lehbab Power Plant 5,000 MW	DEWA	Study	5.0
Hassyan Power Plant (Station P) – Phase 3	DEWA	Intended	4.0
Hydrogen Power and Desalination Plant – Ras Hassyan	DEWA	Tender	3.0
Hydrogen Power Plant in Abu Dhabi	Masdar	FEED	2.2
Coal-fired Power Plant	Ajman Gov.	Execution	2.0
Shuweihat IWPP S3 – Power	ADWEA	Tender	2.0
Fujairah IWPP 2 – Power	ADWEA	Execution	2.0

Sources

Interview with:

Mr. Keith Miller-head of Statistics and planning-ADWEA:

Mr. Keith presents ADWEA in several conferences locally and internationally. Keith said that the main sources of power generation can be known from:

- ADWEA-Abu Dhabi Water and Electricity Authority.
- DEWA- Dubai Electricity and Water Authority.
- FEWA-Fujairah Electricity and Water Authority.
- SEWA-Sharjah Electricity and Water Authority.
- DUBAL (Dubai Aluminum) and ADNOC (Abu Dhabi National Oil Company)

Keith said that the UAE struggles to get integrated exact numbers related to power generation in the UAE as DUBAL and ADNOC refuse to announce numbers on their power generation facilities.

Statistics on UAE:

<http://www.economy.ae/Arabic/EconomicAndStatisticReports/StatisticReports/StatisticAbstract/Documents/group%202008/ch5-Industry2008.xls>,

<http://www.economy.ae/English/EconomicAndStatisticReports/StatisticReports/StatisticAbstract/Pages/sa2008.aspx>,

<http://www.customs.ae/customs/LinkClick.aspx?fileticket=KOo%2fWUbWCqo%3d&tabid=109&language=ar-AE>,

http://www.gtai.de/DE/Content/_SharedDocs/Anlagen/PDF/branchen-international/afrika-nahost/elektrotechnik.templateld=raw.property=publicationFile.pdf/elektrotechnik?show=true,

<http://www.dubaitourism.ae/EServices/Statistics/TradeStatistics/tabid/168/language/en-US/Default.aspx>

Federal Customs Authority

National Bureau of Statistics, UAE

Dubai World, UAE