



INSIGHT BRIEFINGS

ENERGY MARKETS OUTLOOK



Fujairah's Strategic Expansion Strengthens UAE Energy Security and Maritime Resilience

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The prolonged disruption to the Strait of Hormuz has accelerated Fujairah's transformation into a critical energy, maritime, and logistics hub for the UAE. Rising cargo volumes, expanding port infrastructure, and growing demand for alternative trade routes reinforce its strategic importance. Continued investment in port capacity, rail connectivity, and industrial diversification will be essential to strengthening national supply chain resilience and supporting long-term economic growth.

Strategic Lifeline Beyond Hormuz

Fujairah's location outside the Strait of Hormuz has positioned its ports as essential gateways for maintaining UAE trade and energy flows during regional disruption. The Fujairah Ports Authority oversees three ports, including Fujairah, Dibba, and a third facility under development.

The crisis has accelerated efforts to reduce dependence on Hormuz, increasing demand for container handling, general cargo, and maritime services. However, infrastructure constraints remain significant, with dry bulk vessels facing waiting periods approaching two months and container vessels experiencing delays of approximately 10–14 days.

Despite some infrastructure constraints and operational pressures, Fujairah maintained port activities throughout the crisis, demonstrating its importance to national supply chain continuity.

Expansion and Growth Outlook

A 50-year concession arrangement with DP World is expected to support new container, general cargo, and roll-on/roll-off facilities, while further expansion with AD Ports remains under discussion.

Fujairah's oil terminal infrastructure normally handles approximately 70 million metric tons annually, with its master plan allowing potential expansion from nine existing berths to 22.

Etihad Rail's operational connection between Fujairah and Abu Dhabi has emerged as another critical logistics lifeline, helping relieve road congestion and supporting cargo movements across the UAE.

Maritime Congestion and Insurance Costs Challenges

Unprecedented maritime activity has placed substantial pressure on Fujairah's anchorage and marine services. Ship-to-ship transfers exceeded 120 operations in one month, while vessel numbers occasionally surpassed 170 at anchorage. Elevated war-risk insurance premiums continue to affect shipping and bunkering activity despite recovering operations. More differentiated maritime risk assessments could help restore commercial confidence and support recovery.

New Investment Opportunities

Limited available land is encouraging Fujairah to prioritize higher-value industrial activities rather than additional conventional oil storage. Potential opportunities include LNG infrastructure, sustainable aviation fuel production, renewable energy, and downstream processing, with several proposals remaining exploratory.

Ultimately, Fujairah's competitiveness will depend on balancing infrastructure expansion with operational efficiency, maritime security, and industrial diversification. Its evolving role as an alternative gateway demonstrates how strategic investment can strengthen national resilience against prolonged geopolitical disruption.



TOP 5 TAKEAWAYS

1. Fujairah's Future Growth Will Depend on Diversifying Cargo Operations

Fujairah's next phase of growth is expected to extend beyond oil storage and bunkering, with container handling, general cargo, and roll-on/roll-off services becoming increasingly important to its maritime operations.

2. Higher Crude Exports Could Require Additional Loading Infrastructure

Future increases in crude exports through Fujairah could require additional VLCC berths or single-point moorings, with investment decisions dependent on customer requirements and planned pipeline capacity expansion.

3. Differentiated Maritime Risk Assessments Could Accelerate Recovery

Persistently high war-risk insurance premiums could continue to affect bunkering and trading activity despite recovering port operations, highlighting the potential value of more differentiated maritime risk assessments.

4. Rail Expansion Could Ease Future Cargo Congestion

Further expansion of Etihad Rail connectivity could help Fujairah manage growing cargo volumes, reduce pressure on congested road networks, and strengthen logistics links between UAE ports and industrial centers.

5. Higher-Value Industrial Investments to Shape Fujairah's Next Growth Phase

Fujairah's limited coastal land availability is expected to encourage higher-value industrial development, with potential opportunities in LNG, sustainable aviation fuel, and downstream processing taking priority over additional conventional storage. ■



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