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UAE says to explore nuclear energy for electricity

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By Lin Noueihed

DUBAI, March 24 (Reuters) - The United Arab Emirates says it will establish a \$100 million agency to look into developing nuclear energy to satisfy rising electricity demand in the Gulf oil exporter on Iran's doorstep. "Analysis of future domestic electricity demand ... has concluded that peaceful nuclear power generation represents an environmentally promising and commercially competitive option which could make a significant contribution to the UAE's economy and future energy security," a government statement carried by the official WAM news agency said.

"The UAE intends to establish a Nuclear Energy Implementation Organisation ... and is proceeding to evaluate the establishment of a peaceful nuclear programme."

Gulf Arab states -- among the world's largest oil and gas producers -- are considering nuclear power as they look to meet escalating domestic electricity demand without burning more fuel and eating into record export revenues.

The UAE signed a deal with France during President Nicolas Sarkozy's visit in January, agreeing to cooperate on a peaceful nuclear programme.

Sarkozy, who had already signed civilian nuclear deals with Arab oil producers Algeria and Libya, has made no secret of his view that Muslim and Arab states have a right to atomic power.

The UAE, a close U.S. ally, lies across a short stretch of Gulf water from Iran, which is facing international pressure to halt its nuclear enrichment programme.

The Islamic Republic says its nuclear programme is also aimed at generating electricity but the United States and other Western powers say it plans to build atomic weapons.

Unlike Iran, a memorandum on UAE nuclear energy policy issued after a cabinet meeting on Sunday, said the UAE would not enrich uranium itself but import nuclear fuel for its plants, easing any fears about the purpose of its plan.

NO ENRICHMENT

The statement said the UAE would work closely with the U.N. nuclear watchdog, the International Atomic Energy Agency (IAEA), ratify international non-proliferation and safety agreements and draw up a set of laws to govern the sector.

The statement promises to establish a nuclear regulatory authority and an international advisory board of nuclear experts as well as to seek assistance from other governments.

The UAE would offer joint ventures to foreign investors to build and operate potential power plants using only advanced third-generation light water reactors, it said.

France's Total (TOTF.PA: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), Suez (LYOE.PA: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), and state nuclear reactor maker Areva (CEPFI.PA: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) said in January they would develop two third-generation nuclear reactors in the UAE with a possible start date of 2016.

An IAEA official told Reuters at the time that he did not expect to see a nuclear plant running in the Gulf before 2020.

When the Gulf Cooperation Council -- a loose economic and political alliance of six Gulf Arab states -- said in 2006 it was studying a joint

nuclear energy programme, the announcement raised concern of a regional atomic weapons race with Iran.

Like Saudi Arabia and Qatar and other Gulf oil exporters, the UAE needs nuclear energy to meet rapidly rising demands for electricity and desalinated water.

Electricity demand in the Gulf Arab state has rocketed, straining the country's power grid, as record oil revenues fuel economic expansion and the population mushrooms.

(Editing by Chris Johnson)

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