
Aabar and German firms in Algeria car plants deal

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Reuters reported that UAE investment firm Aabar is setting up vehicle and engine manufacturing plants in Algeria with 5 German firms including affiliate Daimler.

The venture would be led by German truck manufacturer MAN Ferrostaal and produce up to 10,000 cars and trucks a year. Daimler, Deutz, MTU and Rheinmetall will participate as technology partners providing licenses and intellectual property.

Aabar bought a 9.1% stake in Daimler in March and said that it would pursue joint projects.

Algeria has struggled to attract foreign investors due to a lingering Islamist insurgency, red tape, tight currency controls and laws capping foreign ownership in businesses.

Aabar, based in the UAE emirate of Abu Dhabi said without giving the value of the deal that "Assembly is expected to start in 2010 following the modernization or development of plants in Tiaret, Ain Smara and Oued Hamimine."

Abu Dhabi newspaper Alroya Aleqtissadiy said that on August 6th the agreement would include setting up 3 joint stock firms including 1 to produce Mercedes military vehicles.

Mr Khadem Al Qubaisi chairman of Aabar said that the deal would be worth about USD 720 million. He said that Aabar is an investment company controlled by the International Petroleum Investment Company which is wholly owned by the government of Abu Dhabi.

IPIC is one of the investment vehicles used by the Abu Dhabi government to invest oil income. Abu Dhabi pumps most of the oil produced by the UAE. Fuelled by a 6 year oil boom, Abu Dhabi has invested billions of dollars in developing its infrastructure and propelling itself on the global stage.

Aabar has been on the expansion trail since IPIC took control of the firm in 2008. In July, Aabar said that it planned to buy a 32% stake in Virgin Group's space travel unit Virgin Galactic, in Abu Dhabi's latest effort to lure tourists and diversify away from oil.

Mr Al Mal said that "Going forward, we believe that IPIC will continue to treat Aabar as its spearhead investment vehicle into diversified non energy assets and should continue to provide the company with access to cheap funds in order to fuel further investments."

(Sourced from Reuters)

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