
Over 40 industrial units to be set up in new Al Ain Industrial Park

Friday, 19 Dec, 2008

Khaleej Times reported that Arkan Building Materials Company is establishing a multi billion dirham Industrial Park in Al Ain covering an area of 15 square kilometers. This phased 4 to 6 years development, which started last June with the commencement of the construction of a new cement factory will involve establishing a complex of over 40 industrial units to manufacture building materials.

As demand in the domestic market is growing at a fast pace, this substantial industrial project will not only substitute high priced imported building materials but it will build on the UAE's ambitions to attract new technology and diversify its economic base.

As per report, over AED 15 billion worth of imports could be substituted over the next few years from manufacturing operations on the new park. The scope of new investment to be made by Arkan is broad and covers manufacturing, trading, services and logistics operations.

The Abu Dhabi based company has identified around 70 different construction materials, which could be manufactured in the Industrial Park. Dr Jeremy Rowson COO of Arkan's said that "We started work on our new AED 1.3 billion cement factory in June 2007 and it is due to be completed by the end of 2009. When the industrial park is finished we will have an integrated complex of building materials factories and associated support infrastructure. We will have a one stop shop for construction related materials and equipment."

The phased work on creating infrastructure for the Arkan Industrial Park is estimated to cost around AED 1 billion and is proceeding at a rapid pace to house the new industrial units. Dr Rowson said that "As well as manufacturing operations, the Arkan Industrial Park will have a commercial section comprising offices, warehouses, showrooms and a logistics area. We are also building a residential sector which will be supported by sports, banking, shopping and medical facilities for the 8,000 persons who will live and work in the industrial park."

Dr Rowson said that "Our strategy is to grow our existing portfolio of companies by establishing new 100% owned businesses, creating JV companies with local and overseas partners and making strategic acquisitions. Although we are starting by concentrating on the UAE market, in the future we intend to penetrate the rest of the GCC and beyond".

The report added that Arkan already owns Emirates Cement Factory, the only fully integrated cement factory in Abu Dhabi and its new cement factory will increase Arkan's capacity from 1.2 million tonnes to 4.7 million tonnes of cement per year. Even though this will already make Arkan the largest cement company in the UAE, they are believed to be considering expanding their capacity even further.

Other projects already in progress include building two new concrete block factories in addition to the existing block factories in Al Mafraq and Ain. This will increase Arkan's block manufacturing capacity to 240,000 units per day. Projects to construct a new dry mortar factory with a daily capacity of 1,200 tonne and a waterproofing products factory are also underway. The total investment committed to these projects so far excluding the new cement factory is in excess of AED 300 million and feasibility studies are being carried out on further projects.

Arkan intends to create clusters of related businesses including further downstream cement based factories such as for precast and ready mixed concrete, marble granite and woodworking factories, construction equipment factories, HVAC/MEP factories and paint and construction chemicals factories. Earlier this year Arkan announced an MoU with Alumco of Dubai to build a curtain wall and unitized windows JV. This will sit at the heart of an aluminium and glass processing cluster.

Meanwhile, Arkan has been very active so far this year establishing strategic links with other major players in the Abu Dhabi construction industry. In March, Arkan quoted it had taken a 40% stake in the Abu Dhabi based Vision Group which furnishes and manages serviced apartments and in May it quoted a MoU had been signed with Abu Dhabi's premium developer, Aldar. The Aldar MoU added that Arkan would become a major supplier of building materials to Aldar and it is expected to lead to a number of joint projects in the near future.

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