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Abu Dhabi gears up for car industry

Tom Arnold

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Abu Dhabi is to launch an automotive industry zone, opening up the prospect of the emirate becoming a centre for vehicle assembly.

Everything from building vehicles to services and sales could take place within the cluster, planned across an 11 square km swathe of industrial land in Musaffah.

The emirate may draw upon its investment links with global car makers to develop the automotive centre. Abu Dhabi investors own stakes in the German car giant Daimler and the Italian sports car manufacturer Ferrari among others.

"The automobile business is a huge one," said Mohammed al Qamzi, the chief executive of the Higher Corporation for Specialised Economic Zones (ZonesCorp).

"The strategic decision [of the Abu Dhabi Government] is to have something related to the automotive industry."

The emirate hopes to build a presence within the automotive sector under a drive to diversify its economy into sectors within manufacturing and industry.

Abu Dhabi has already moved to create a centre for the capital's scattered car sales industry. Aldar Properties's plans to develop MotorWorld, located in Shamkha near Abu Dhabi International Airport, to provide a one-stop shop for buyers from around the region.

Infrastructure including power and roads will be in place by the third or fourth quarter of next year for part of the cluster, which will form phase 5 of Industrial City of Abu Dhabi (ICAD), said Mr al Qamzi. ZonesCorp is unlikely to develop the entire cluster at once, he added.



"We believe phases are more tailored to this strategic decision in creating ICAD 5," he said.

The largest free-zone developer in Abu Dhabi, ZonesCorp has responsibility for developing and promoting ICAD.

Opportunities could be created within the zone through some of the emirate's investments in the automotive industry, he said.

"If semi-government sister entities hinted they have outside investment in this line of business I believe maybe ICAD 5 has a place for their future," Mr al Qamzi said.

Aabar Investments, an investment arm of the Abu Dhabi Government, has made a series of high-profile investments in the automotive industry. In March last year it spent US\$2.7 billion (Dh9.9bn) to acquire a 9.1 per cent stake in Daimler. It has since joined Daimler on other deals including buying a 4 per cent stake in the electric car maker Tesla Motors and investing alongside Daimler in a car manufacturing venture in Algeria.

In one of the companies' largest deals to date, they last year bought a controlling interest in the Brawn GP Formula One racing team, which has since been renamed Mercedes GP.

Mubadala Development, a strategic investment company owned by the Abu Dhabi Government, owns 5 per cent of the Italian car maker Ferrari and financed the construction of the F1 circuit on Abu Dhabi's Yas Island.

ZonesCorp has already invested about Dh4bn in the first three phases of ICAD.

The first two phases of ICAD are operational. ICAD 1 focuses on medium to heavy manufacturing, while ICAD 2, which opened in 2007, caters for oil and gas, chemicals, engineering and processing companies.

Within two years, 80 per cent of ICAD 3 will be occupied, said Mr al Qamzi. It will specialise in companies involved in construction materials, engineering and chemical compounds.

“We are speeding up the development of ICAD 4,” he said. By the end of next year or the start of 2012 ICAD 4, the 34 sq km industrial space should be available for allocation to investors, he added.

That will accommodate companies specialising in metal, building materials, logistics and oil and gas.

tarnold@thenational.ae

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