

BOOMTOWN FUJAIRAH

Once known for its pristine beaches and resorts, Fujairah is fast becoming the region's most lucrative new trade hub, attracting millions in investment.

BY HEBA HASHEM



With the slowdown in Dubai's construction and project cancellations in Abu Dhabi, the tiny emirates of Fujairah has seized the opportunity to transform itself into one of the world's top tanker refueling and oil storage hubs.

Strategic location, lower risk, and relatively less congestion are some of the factors that the emirate has managed to leverage in order to become the world's second largest bunkering port after Singapore. While the UAE's other six emirates lie along the western Persian Gulf, Fujairah's position on the east coast provides direct sea access leading to the vast Indian Ocean. In terms of import and export, this is Fujairah's unique selling proposition.

A new era in crude transport

The world has been watching as a massive 370km oil pipeline is being built across the UAE. Stretching from Habshan in Abu Dhabi all the way to Fujairah and bypassing the critical Strait of Hormuz, this pipeline will

give Abu Dhabi access to the Indian Ocean at a tense time when the EU has embargoed Iranian oil, forcing Asian countries to turn to GCC oil as an immediate alternative.

Construction on the \$3.3 billion pipeline began in 2008 and is expected to finish by mid-2012. When complete, the pipeline will be able to export 1.5m barrels per day and will enable Abu Dhabi Company for Onshore Oil Operations (ADCO) to export half of its total production within the first year.

Indeed, this will be a new era in crude transportation, not only for Abu Dhabi but also for Fujairah, where a strategic oil reservoir and refinery are being

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set up. The reservoir, housing eight giant tanks, each capable of holding one million barrels of crude, is larger than initially planned. These developments are bound to attract oil players, especially those in the field of oil trading, bunkering, refining, and storage as well as bitumen manufacturing and shipping. Some of these players have already arrived.

A maritime fortune

As the largest multipurpose port on the country's eastern seaboard, the Port of Fujairah occupies an enviable geographic location and can accommodate up to 100 vessels at any time. Taking advantage of this exceptional maritime station, Gulf Petrochem recently invested \$136.4 million to develop a 412,000-cubic metre storage terminal by September, in which Fujairah Petroleum Company will acquire a 12% stake.

Although the Sharjah-based company operates globally with offices in Dubai, India, Singapore and Europe, its latest investment proves the significance of Fujairah's port to the

oil services industry. "Our latest developments in tank storage reflect our vision to make the oil storage business one of the key drivers for our rapid growth", says Harsh Sinha, Executive Director of Gulf Petrochem.

Azerbaijan is also establishing a foothold in Fujairah's bunker market through a project known as SAFT; a joint venture between Socar, the in-



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ternational marketing and trading arm of the State Oil Company of the Azerbaijan Republic (SOCAR); Aurora Progress, the Swiss-based commodity trading house; and the Government of Fujairah. SAFT involves the construction of a 641,000-cubic metre oil terminal in Fujairah, and will receive financing of \$110m from the Arab Petroleum Investments Corporation (Apricorp); a multi-lateral development bank owned by the Organization of Arab Petroleum Exporting Countries (OAPEC), and which the UAE holds a 17% stake in.

Beyond the sea

Fujairah's 1,450 sq km of land is drawing other clusters of business as well that can use the seaside emirate as a base for regional activity. Qatar will be awarding more than \$106 billion worth of projects between now and 2022, investing in oil and gas, heavy industry, electricity generation, water desalination, social infrastructure and transportation. Saudi Arabia has \$108 billion worth of construction across the kingdom in the pipeline. Global manufacturers catering to any of these industries would turn a profit by being close at hand, and given that Fujairah has its own free zone with competitive packages on offer, prospects for new establishments look promising.

An Indian conglomerate that sensed



the opportunity early on was J.K. Cement Ltd., having invested \$150m in the construction of a cement factory in Fujairah, to be commissioned in 2013. The plant will have a capacity of 600,000 tonnes per annum for white cement.

Attracting Chinese business

Chinese companies are next on the agenda for Fujairah Free Zone Authority (FFZA), where more than 2,000 companies are already registered. At a meeting during the second China-Arab States Trade Forum, FFZA's director general Sharif Al Awadi said the authority was preparing to build a new refinery with a ca-

capacity of 300,000 tonnes, besides the 300,000-tonne refinery that is underway.

"We are open to investment proposals. You have advanced technology and we can take advantage of that. Anything to do with processing or pharmaceuticals is welcome," he told the meeting attended by Chinese oil and other companies. The 85km Sheikh Khalifa Highway linking Fujairah and Dubai opened last December, reducing travel time between the two emirates by 60 minutes. Connected via road, sea, and air, Fujairah has all it takes to become a business hub, with a dedicated department for industrial and economic activities.