

Sika: Moving in on the UAE

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Iven Chadwick, the head of Sika in IMEA, talks about his company's expansion plans to build more chemical production plants and their long-term commitment to the region.

Swiss-based chemical company Sika has been a bit of a sleeping giant in the Middle East over the past decade. It has had a presence through a network of distributors but hasn't yet flexed its muscle as the global leader in construction chemicals. This may be about to change.

With the financial crisis affecting the rest of the world, Sika is looking to grow its presence in the GCC's booming construction industry and earn a larger slice of the market share.

Last year it established regional headquarters in Dubai, and identified the India Middle East and Africa (IMEA) region as a key focus for the company.

In the first three quarters of this year the company recorded its highest growth rate in IMEA with a 31.2% increase in sales.

The company also announced plans to construct a US \$13.4 million (SAR50 million) chemical production plant in Rabigh, Saudi Arabia, which will have an initial capacity to produce 50,000 tonnes of chemicals.

Construction of the plant is expected to start within the next six months and should be completed by the end of 2009.

It seems likely that this will be the first of many Sika production facilities to be built across the GCC as the company tries to establish itself as a local supplier rather than a distributor.

Iven Chadwick, the head of Sika in IMEA, said the next plant will be built in the UAE.

"We are focused on the entire GCC, but in terms of ramping up our facilities and infrastructure, for now we're focusing on Saudi Arabia and the UAE," he said.

"We have the registration of Sika Saudi Arabia underway similar to the UAE, we want to be in a position to be manufacturing in both those countries in the near future.

"In regard to other GCC countries, we have existing arrangements and need to have discussions with our various partners before we move things forward."

Chadwick said it would ideally like to hold 25% of the construction chemicals market in Saudi Arabia within the next five years, but emphasised this was an ambitious goal that was not its top priority.

"The key for Sika is that we want to offer a quality product and service to the customer which is in line with our global approach and reputation," he said.

"We want to make sure that we have high levels of technical competence in the region to really back up our product offer.

"So if a consultant specifies a Sika solution or system, when it arrives on the job site it is fully supported and the client gets what he expects and isn't disappointed."

Chadwick said they are currently bringing technical experts from elsewhere in the Sika group to the Middle East to train their employees in the region.

He said Sika's growth plan for the Middle East is not aggressive and will most likely be a slow process.

"We have a low market share across the GCC, I think we're at number three, probably," he said.

"We'd obviously like that to be higher, a leadership position would be fantastic, a number two would also be good, but the key is to get it right and that takes time.

"This is a long-term commitment from Sika and not a quick win riding on the back of a three-year business boom."

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