

UAE's Uniplas may eye China if land acquiring in India is delayed

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Uniplas Petrochemicals Limited of the United Arab Emirates (UAE) may be forced to consider China for its \$1bn (€760m) petrochemical investments if India delays giving it land in its eastern Orissa province, an Indian government official said on Friday.

The provincial government of Orissa is finding it difficult to offer 400 acres of "contiguous" land in the port town of Paradip to Uniplas, an official in India's Department of Chemicals and Petrochemicals told ICIS.

"The Department had initially suggested the Petroleum, Chemicals, Petrochemicals Investment Region (PCPIR) coming up in port town of Paradip in Orissa as a site for the Uniplas project," the official explained.

"But the provincial government was facing problems in providing contiguous 400 acres of land," the official added.

"Uniplas, which had proposed the single largest foreign direct investment (FDI) in petrochemicals in India, has indicated its alternative preference for the PCPIR at Dahej in western Indian province of Gujarat or the company would explore opportunities in China," the official said.

However, the response from the provincial government was not favourable since the latter was facing problems in land availability and at the same time Uniplas investments plans were time-bound as the company had conveyed that it would look at relocating the proposed project to China in case of delays in India, the official said.

Elaborating on the issue of land availability for large projects, the official cited the example of Posco, Korea which was facing a 12-year delay in acquiring 4000 acres for its proposed \$12bn investment in constructing a steel plant also at Paradip in Orissa.

As per investment plans submitted to the Indian government, Uniplas proposes to build petrochemical plants for production of ethylene, caustic soda, chlorine, poly vinyl chloride (PVC) and its compounds and fund the entire \$1bn for the project through FDI, making it the largest foreign investment in the petrochemical sector.

The Paradip PCPIR was under construction with Indian Oil Corporation (IOC) as the anchor investor, which was putting up a \$6bn grass root refinery of 15 million tonne/year capacity.

IOC had also planned a petrochemical plant linked to the refinery entailing an additional investment of \$5bn but a final decision on this project was subject to roping in a foreign technical and financial collaborator, the official said.

Source ICIS News