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## Supply Chain & Logistics Group Monthly e-News



**Michael Stockdale**

SCLG Strategy  
Committee

**Welcome** to SCLG e-News. This is an online monthly electronic newsletter brought to you by the Supply Chain and Logistics Group (SCLG). SCLG is a non-profit organisation, set up to promote the cause of supply chain and logistics in the region. The organisation founded by highly qualified professionals from the industry, comes equipped with the legal backing of the Dubai Chamber of Commerce and Industry.

Through this newsletter, we will keep you updated on the latest trends and practices. With our indepth coverage and analysis, we aspire to serve as a benchmark guide to the industry.



**Reinhard Wind**

SCLG Strategy  
Committee

## SCLG UPDATE

### ◆ Strategy Committee to define SCLG's long-term vision

Motivated by the visionary approach of His Highness Sheikh Mohammad Bin Rashid Al Maktoum, UAE Prime Minister, Vice President and Ruler of Dubai, when presenting the Dubai Strategic Plan 2015, the SCLG also is in the process of preparing its long term strategies.



“Whereas the SCLG in recent years has developed quite prosperously, it is time now to redefine its mission and its activities”, says Reinhard Wind, General Manager of ECOLOG Dubai and member of SCLG Strategy Group. “Dubai experiences an enormous economical upswing and therefore the tasks and the challenges for the Supply Chain and Logistics Industries have increased dramatically. A well organised and generic communication and networking platform is essential for the success of the entire Supply Chain and Logistics Industries in the region,” he added.

In the SCLG - 5 Years Strategy, the strongholds of the SCLG shall be re-evaluated and fresh ideas shall give new momentum. In weekly meetings and in a lot of investigations done by each individual member of the Strategy Group, the new strategies will be formed. It is of major importance that the developed ideas are of a quite realistic nature, so that they easily can be transferred into reality.

Everybody from the SCLG is invited to contribute to the success of the organisation by giving some constructive input to the strategy group or even by realising the strategies in the coming years. It is planned that the results of the investigations are unveiled to the public in June 2007. By then the SCLG Strategy Group as well will be able to give suggestions on how to realise the ambitious plan.

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## ◆ New members to the SCLG fold

The Supply Chain and Logistics Group proudly announces new corporate and individual members who have joined the Group recently. The group welcomes them to its fold and thanks them for the support.

### NEW Corporate Members

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**AI-Futtaim Logistics**

**SSI SCHAEFER**

**BSG**

**SPAN GROUP**



## ◆ AI-Futtaim Logistics

AI-Futtaim offers a full range of supply chain management solutions. AI-Futtaim's capabilities extend beyond freight management and customs brokerage, covering warehouse management, inventory management, domestic/international distribution and other value-added services such as packing, labeling, re-packing, transport management, supplier management, PO Management and customer support.



AI Futtaim specializes in several key sectors, including Retail, Automotive, FMCG, Technology, Humanitarian, Hospitality, Industrial & 4PL Management.



## ◆ SSI SCHAEFER

SSI Schaefer manufactures designs and installs the complete range all types of storage and materials handling systems including all types of pallets storage, single and multi tier shelving, automated storage and materials handling systems, air cargo storage systems, archive storage systems, plastic containers and waste containers.

**SSI SCHAEFER**

Worldwide, SSI Schaefer has offices throughout Europe, the Americas (US, Canada, Mexico, Brazil) with companies in over 60 countries.

Middle East HQ with offices in Oman, Qatar, Bahrain, Kuwait, Saudi Arabia, Cyprus and Jordan.



## ◆ BSG

BSG- Business Systems Group is one of the leading information technology solutions company operating in the Middle East markets since 1995. BSG offers tightly integrated, highly configurable and easy-to-use Supply chain execution solutions from Exactus Inc. BSG are the regional distributor and certified competence center for Exactus in the Middle East.



The “Aware” supply chain solutions from Exactus are now in use by several customers in the Middle East who have been able to realize operational excellence in warehouse operations by providing responsive and flexible distribution networks, optimization of inventory flow, high accuracy and visibility of inventory, complete and correct product information and superior levels of customer service.

BSG’s customers include warehousing, distribution, transportation, and freight forwarding customers as well as 3PL logistics service providers. Aware also supports RFID technology and currently BSG are working closely with customers who are planning to deploy RFID technology based solutions in the near future.



## ◆ SPAN GROUP

Founded in 1989, with headquarters located in Dubai and regional offices in Lebanon and Qatar, SPAN Group ([www.span-group.com](http://www.span-group.com)) is the leading provider of total integrated supply chain solutions to companies operating in the Middle East logistics industry. We have worked with over 2,000 clients in numerous industries including third-party logistics (3PL); wholesale and retail grocery; automotive; electronics; distribution; FMCG & CPG; as well as with the government and military. Our solutions include design, engineering, and equipping of storage, shelving and racking systems. We also provide packing equipment, MHE, and industrial furnishing, in addition to a wide range of IT supply chain solutions including Warehouse, Transportation, Performance management, Demand Planning and Integration.

The logo for SPAN-GROUP, featuring the text 'SPAN-GROUP' in a bold, red, italicized sans-serif font.



## SCLG Endorsed Events Calendar :

### **Chemical Logistics and World Asia 2007**

**Date : 25-27 April 2007**

**Venue : Singapore**

### **5th ASEAN Ports and Shipping 2007**

**Date : 12 - 13 June 2007**

**Venue : Johor Bahru, Malaysia**

### **4th Thai Ports and Shipping 2007**

**Date : 27 - 28 September 2007**

**Venue : Bangkok, Thailand**

### **2nd Southern Asia Ports, Logistics and Shipping 2007**

**Date : 18 - 19 October 2007**

**Venue : Mumbai, India**

### **3rd Trans Middle East 2007**

**Date : 28 - 29 November 2007**

**Venue : Cairo, Egypt**

## RETAIL

## ◆ Dubai must increase retail spend per capita to meet shopping centre growth

Dubai will need to more than double its annual per capita retail spend to US\$ 8,400 by 2010, from the current US\$ 3,500 required to make retail space viable, if it is to sustain its massive increase in retail Gross Leasable Area (GLA), according to Colliers International - one of the top three global property service consultants.



Dubai is experiencing a retail boom and forecasts predict a 209 per cent growth in retail space to 4.25 million m<sup>2</sup> by the end of the decade, which will see some of the world's most extravagant shopping centres come online.

Stuart Gissing, Regional Retail Director, Colliers International, said: "Assuming that the new shopping centres, that have been announced, will all be completed on schedule, and that no further retail supply is launched, there will be 2.35 m<sup>2</sup> of GLA per capita in Dubai by the year 2010, an increase of 374 per cent since 2000. This amount of space will require a spending of US\$8,400 per capita to make it viable, although this spending requirement declines by 34 percent, when visitor spending is taken into consideration."

According to Colliers International's inaugural GCC Retail Report, the required spend figure for Dubai is not excessive when looking at other major markets. For example, in the United States the comparative figure is US\$ 12,000 per annum, while for Europe it is US\$ 8,000.

Fortunately for the city's retailers, Dubai is widely regarded as the tourist hub of the Middle East, with 15 million visitors a year targeted by the Dubai Government to travel to the emirate by 2012. According to ACNielsen, shopping centres currently derive 55 per cent of revenue from tourist visitors, with this figure expected to increase proportionately, reducing the necessary spend for the resident population.

"These figures suggest that Dubai's retail market has both the capacity and the customer base to sustain its rapid growth in the foreseeable future. According to some estimates, Dubai is set to become one of the most intensively shopped cities on the planet," said Gissing.



## Warehousing

### ◆ Al Islami Foods secures 'HACCP' certification for good warehousing practices

In a milestone achievement, Al Islami Foods, a trend-setter in real halal food industry, has secured a HACCP certification for 2007 in recognition of implementing quality standards, good practices and procedures established at company's warehousing and logistic facilities.

Saleh Abdullah Lootah, Chief Executive Officer at Al Islami Foods commented: "The HACCP achievement is the recognition of our commitment to establish best practices and international health and safety standards to provide our consumers with highly nutrient halal products."



Hazard Analysis and Critical Control Points (HACCP) is a systematic preventative approach to food safety that addresses physical, chemical and biological hazards as a means of prevention rather than finished product inspection. HACCP is used in the food industry to identify potential food safety hazards, so that key measures, known as Critical Control Points (CCP's) could be taken to eliminate the risk of the hazards being realised. The system is used at all stages of food production and preparation processes.

"At Al Islami Foods, quality systems and practices are evolved as part of our organisational DNA" said Hasan Rimawi, Chief Technical Officer at Al Islami Foods. "Since the company pioneered its halal technology, it took aggressive initiatives and raised its performance bar to bolster its commitment in delivering quality halal foods that consumers love and trust. Achieving higher standards through the warehouse HACCP certification is an example of how Al Islami implement stringent quality processes to ensure complete safe and halal controlled products from farm to fork", added Rimawi.

Under rigorous inspection procedures, Al Islami Foods successfully met all requirements of HACCP certification along with auditor's highly positive remarks on the documentation of the HACCP system and GWP (Good Warehousing Practices) - "Very good warehousing practices are put in place and practiced with well detailed work-flow charts and thorough hazard analysis checklists", remarked Jawamir Nehad from SGS. For the first time in its 26-year history, the company has been exempted from Pre-Assessment Audit and Document Review, a critical fundamental phase of the audit.



## logistics

### ◆ Dubai gets hi-tech valuable handling facility

Emirates Group Security have inaugurated their new headquarters and flagship facility for valuables processing in the Dubai Airport Free Zone. The AED 50 million building was officially inaugurated by HH Sheikh Ahmed bin Saeed Al-Maktoum, Chairman and Chief Executive, Emirates Airline and Group.



The new purpose-built headquarters for Emirates Group Security and its Transguard business divisions, is a one-stop centre designed to efficiently and securely handle valuables and vulnerable cargo for commercial and international shipping. It is dedicated to high-value shipments only, consolidating all the related handling processes, services and expertise under one roof.

Sheikh Ahmed said: "This new facility will play a key role in fulfilling Dubai's vision to become a premier trading and shipping centre for valuables and gold. We look forward to providing shippers and traders of valuable cargo with the best quality services, and a convenient, secure environment in which to trade and process their cargo."

The new building is fully-equipped to handle valuable goods and vulnerable goods such as computer chips, mobile phones, and pharmaceuticals - allowing such cargo to be speedily processed. Cash can be securely packed and efficiently shipped around the world, making it a boon for banking and security exchanges.

#### *Other key features and facilities*

*The Control Centre;* Employing the latest technologies, the control centre is the centre of communications from which the security team monitors all facilities of the Emirates Group, track Transguard vehicles by Global Positioning Satellite (GPS), and access international information systems via the internet.

*ATM cash processing facility;* The facility will house the largest cash processing machine in the region, with high-tech connections that monitor the cash levels in over 620 ATM machines across the UAE, allowing the team to coordinate the reconciliation and replenishment of machines. The unit supported with a fleet of 110 armoured vehicles.

*Direct access to and from air gate bays;* cash processing with packing facilities, secure vaults for transit or long-term storage.

*Integrated handling;* Ground Handling Agents and the regulatory agencies such as customs and police, will be integrated within the facility.

The building is certified by TAPA (The Technical Asset Protection Association), making it the first TAPA-certified valuable handling warehouse in the Middle East.



## Manufacturing

## ◆ Sharaf Group to set up four manufacturing units at Dubai Industrial City

Sharaf Group, a leading business house based in the UAE, has announced plans to set up four production units for the manufacture of concrete, decor and aluminium products with a total investment exceeding AED 300 million, at Dubai Industrial City (DIC), a member of Tatweer.

Sharaf Group, which comprises a portfolio of diversified industries, has acquired over 1.6 million square feet of land at DIC to establish Jebel Ali Ready Mix Concrete and Precast; Jebel Ali Blocks; Jebel Ali Wood Joinery, and Somec Sharaf M.E. LLC for the manufacture of aluminium and glass facades.

Speaking about the initiative, Sharafuddin Sharaf, Chairman, Sharaf Industries/Sharaf Group said: “Our Group is expanding rapidly in the industrial sectors and our aim is to respond to the growing market needs of the construction industry.”

Welcoming the Sharaf Group to Dubai Industrial City, Khalid Al Malik, Senior Vice President of Industry and Knowledge in Tatweer, said: “We are pleased to meet the requirements of the Sharaf Group, and provide prime industrial land at DIC along with world class infrastructure and support facilities.”

Jebel Ali Ready Mix Concrete and Precast and Jebel Ali Blocks will be set up in the Mineral Products Zone over an area of 1 million sq. ft.

Jebel Ali aluminium and glass plant will be known as Somec-Sharaf M.E. LLC in the Base Metal Zone on an area of 350,000 sq. ft.

The Decor manufacturing joinery, based at the dedicated Workshops Area, will take up approx. 250,000 sq. ft. of land.

“The real estate and construction sector in the UAE and the GCC is thriving. The market is expected to remain buoyant for a long time. I am certain that our Group has found a value proposition from the DIC base that will launch the business house into a new phase of growth,” Sharaf added.

Al Malik pointed out that the economic growth combined with one of the world's highest population growth presents a significant opportunity for mineral products and construction materials in the region.

He said that more than 1,400 construction projects worth US \$697 billion are currently underway in the Gulf, with US \$4 billion worth of new projects added to the market each week. The UAE leads the Gulf in construction projects, accounting to more than US \$221 billion (23 percent).

Al Malik concluded: “Dubai has world class logistics and infrastructure facilities, as well as a geographically strategic location between five continents. From aluminium and steel to special and precious metals, Dubai is the ideal place to provide the entire world with base metal products.”



## GATEWAYS

### ◆ Jebel Ali port eighth largest in the world

DP World - UAE has announced a 17 per cent growth in yearly shipping throughput to 8.92 million TEUs (twenty-foot equivalent units) in 2006, up from 7.62 million TEUs in 2005 making it the 8th largest port globally according to Containerisation International.

The leading port operator attributed the increase to the strong economic development in the GCC region that has boosted demand for shipping services.



"It has been an exciting year for our company. We are proud of the strong results achieved in 2006. With increasing demand for shipping services in the GCC and strong growth forecasts for the global shipping industry, we are resolved to continue leveraging the abundant opportunities available," said Mohammed Al Muallem, Senior VP & MD, DP World – UAE.

DP World - UAE reiterated its commitment to increasing satisfaction levels among its partners by continuing to implement international best practices and enhance infrastructure capabilities at its ports.

The company has embarked on expansion initiatives at Jebel Ali port which will raise the port's capacity by five to six million TEUs, bringing total capacity to 14 to 15 million TEUs by 2008.

"DP World has successfully established itself as the world's ideal gateway to customers looking to expand their global shipping and logistics reach. We strive to achieve the highest levels of efficiency, not only to meet the needs of our customers, but also to surpass their expectations. Our current expansion plans will further aid this commitment," said Tariq Bin Khalifa, Commercial Director, DP World - UAE.



## Transport

### ◆ Middle East skies register fastest passenger, cargo growth in 2006

The International Air Transport Association (IATA) has released full-year traffic results for 2006 showing slower but more profitable growth.

Global passenger growth slowed from the 7.6% recorded in 2005 to 5.9% in 2006. While the cargo growth rate increased from 3.2% in 2005 to 4.6% in 2006, it remains below the historical growth trend of 5.6%. Average passenger load factors in 2006 rose to a record high of 76.0%, up from 75.1% in 2005.



"The lesson for 2006 is that pursuing profitable growth pays off. While passenger growth slowed, the bottom line improved. The industry showed an estimated operating profit of US \$10.2 billion for 2006 while net losses were reduced to a projected US\$500 million. Cost reduction, improved efficiencies and careful capacity management have positioned the industry to achieve a projected net profit of US \$2.5 billion in 2007," said Giovanni Bisignani, IATA's Director General and CEO.

The Middle East was the fastest growing region for both passenger and cargo recording full-year growth of 15.4% and 16.1% respectively.

Although the cargo growth rate improved marginally to 4.6%, the key markets of Europe and Asia were relatively subdued at 1.7% and 4.7% respectively. High fuel costs and strong competition from other transport modes (particularly in Europe) constrained growth in 2006. North America was the most improved market as freight growth increased from 0.4% to 6.0% as airlines switched capacity towards cargo.

All regions except the Middle East saw a decline in passenger traffic growth rates compared to 2005. The largest decline was in Latin America where 11.4% growth turned to a 2.4% contraction in 2006, primarily due to restructuring of the industry in the region. North America saw the second largest decline-from 8.9% to 5.7%-as carriers withdrew unprofitable capacity.

"Load factors-at a record high of 76.0%-were the good news story for 2006," said Bisignani. North American carriers led the way with an 80.2% load factor, up from 79.5% in 2005. Load factors improved in all regions except the Middle East and Africa.

"The focus for 2007 is efficiency. Slower traffic growth rates and a less buoyant global economy will impact revenue growth. Industry-wide we expect revenue growth to slow from 8.0% in 2006 to 4.5% in 2007. While lower oil prices are a welcome relief, they remain around US\$60/barrel-more than double the price in 2000.

"Bottom line improvement depends on achieving further efficiencies across the board. Airlines have reduced non-fuel unit costs by an average of 3.5% over the last five years. It is time for our industry partners across the value chain-including airports and air navigation service providers-to deliver similar results," said Bisignani.



## Projects

### ◆ Abu Dhabi airport unveils new free trade zone plan

Abu Dhabi Airports Company (ADAC) is planning to construct a state-of-the-art free trade zone at Abu Dhabi International Airport. Occupying a built area of over 7 million square meters, the free zone will offer investors an impressive package of world-class facilities and services. Clusters of amenities will be brought under one roof and all the required facilities will be conveniently integrated to ensure that investors receive the best service.



The creation of a free trade zone is in response to a large-scale development economic development in the capital emirate. ADAC Chairman and Managing Director, H.E. Khalifa Al Mazrouei said, “The creation of a free zone marks a milestone in Abu Dhabi’s plans to establish itself as a dynamic business centre. The free zone will take advantage of Abu Dhabi International Airport’s strategic geographical position on the crossroads between the east and the west, and the large-scale economic development of the Emirate.”

“Developing a free zone at Abu Dhabi International Airport is an important part of the development and expansion of the airport. It will ensure that Abu Dhabi International Airport will become a thriving cargo and business hub as well as ensuring our goal of increasing non-aeronautical revenues,” he added.

ADAC was incorporated in March 2006 to spearhead a major redevelopment of the Emirate’s aviation infrastructure. Its creation was part of an ambitious restructuring initiative launched by the Government of Abu Dhabi, aimed at delivering better services to support the Emirate’s long-term economic and tourism strategies and to help build a more vibrant economy that attracts and promotes private sector investment.

The airport expansion will allow passenger traffic to grow beyond 40 million per year from the current seven million, while cargo capacity will be boosted from 150,000 tonnes per year at present to two million tonnes. The project includes construction of a second runway, two new terminals, a state-of-the-art air traffic control complex and expansion of cargo facilities.



## Trade and Economy

### ◆ Dubai iron and steel trade records 32.5 per cent increase

Dubai’s iron and steel trade registered a 32.5% jump in 2006 compared to 2005, reflecting the massive construction boom that is underway in the UAE and across the Gulf region.

According to a report compiled by the Statistics Department of Dubai World some 8.1 million tonnes of iron and steel worth AED 30.1 billion passed through Dubai’s entry points during 2006, as against 6.6 million tonnes (worth AED 22.7 billion) a year earlier.



The report said, “The sharp rise in volumes was the result of the growth in the construction sector, especially the giant real estate projects and infrastructure work like airport, roads, bridges, power lines and the metro. We expect that this trend will continue over the next five years since many of these projects are in their early stages.”

The report shows that while Dubai imported 6.3 million tonnes iron and iron product imports valued at AED 22.8 billion, it also registered significant exports (1.2 million tonnes, worth AED 4.1 billion) and re-exports (621 thousand tonnes, worth AED 3.1 billion).

According to the Dubai World Statistics Department, Turkey has topped the list of iron and steel exporters to Dubai, accounting for AED 4 billion or 17.5% of the total, followed by China AED 3.1 billion (13.5%), India AED 3 billion (13.1%), South Korea AED 1.2 billion (5.1%), and Germany with AED 1.1 billion (4.9%).

India led as importer of iron and steel products from Dubai, with a total order of AED 805.7 million (19.5%), followed by China with AED 411 million (10%), Taiwan with AED 409 million (9.9%), Indonesia with AED 246 million (6%), and Pakistan with AED 223 million (5.4%).

On the re-export front, Iran took the leading spot with AED 566.7 million (18%), followed by India with AED 263.5 million (8.4%), Algeria with AED 258 million (8.2%), Iraq with AED 211.5 million (6.7%) and Qatar

with AED 188.2 million (6%).



## AWARDS

### ◆ Emirates SkyCargo lands top honour from Air Transport World

Emirates, one of the world's fastest growing international airlines, has been awarded 'Cargo Airline of the Year' by the editors of Air Transport World in the 2007 Airline Industry Achievement Awards programme.

Air Transport World, a leading monthly magazine serving the global airline industry, presented their awards at a gala ceremony in Washington, D.C. recognizing excellence in the airline and commercial aerospace industries.



"Emirates is delighted to win the esteemed ATW Cargo Airline of the Year award and be recognized by experts in the airline and cargo industry," said Ram Menen, Emirates Divisional Senior Vice President, Cargo. "At Emirates SkyCargo, we have aimed to achieve the highest standards of product quality and customer care. We are honoured that Air Transport World has identified us as one of the top airlines that has characterized itself through outstanding performance and service."

Last year, for the first time in its history, Emirates SkyCargo carried more than one million metric tonnes of cargo and generated more than \$1 billion in revenue. 'Beyond the strong growth rate, SkyCargo is distinguished by its ongoing innovation in air cargo transport, developing systems and strategies that reverberate beyond Dubai,' Air Transport World editors said.

In conjunction with the annual awards, ATW also hosted its Winning Airline Strategies Conference bringing together experts from the airline and logistics industries, members of government and academics to discuss best practice and competitive advantage in the field.

At the conference, Menen discussed Emirates SkyCargo's contribution to the airline industry with its groundbreaking SkyChain system, a comprehensive end-to-end IT cargo management technology offering significant advantages over existing cargo systems.



## **Announcement**

Certification in Purchasing & Supply from Chartered Institute of Purchasing & Supply (U.K.) offered by the Dubai University College.

**[For details click here](#)**

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