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Middlesex University
Dubai

The UAE Economy : Policies to Support the Development of a World Class Logistics Hub

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Outline



- Overview of the UAE economy
- Contribution of logistics industry to the UAE economy
- What are the key features of a World Class Logistics Hub?
- Does UAE have the potential to be a World Class Logistics Hub?
- Singapore and UAE/Dubai – A Comparison
- Policy prescriptions for a World Class Integrated Logistics Hub

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Overview UAE Economy: Gross Domestic Product (GDP)



		2004	2005	2006	2007	2008	2009	2010
Real GDP Growth	%	10.1	4.5	9.4	7.6	6.6	1	3.4
Consumer Prices	%	4.1	5.6	7.8	10.2	11.1	8.9	5.5
Population	m	4.3	4.1	4.2	4.5	4.7	4.7	4.8
GDP Per Capita	Aed	24,364	33,703	40,218	44,254	57,249	51,430	57,849

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Contribution of Transport, Communication and Warehousing



Transport & Communications Sector

		2005	2006	2007
Contribution to GDP	AED M	31,267	39,491	43,877
Number of Workers		162,768	176,278	190,133

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Integrated Logistics Hub (ILH): The Need



- International value chains – to take advantage of lower costs due to locational factors and economies of scale.
- The need for products to be finalized geographically as near as possible to the final demand location.
- To optimize trade off between cost efficiency and responsiveness, the need for integration.
- A key enabler for integration is a logistics hub which brings together the key players, manufacturers, shipping lines, air cargo companies, 3PLs and a host of logistics related service companies in a single location.

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Integrated Logistics Hub (ILH): Key Features



- Strategic location – along main shipping and air routes
- World class air and sea ports
- Efficient and adequate logistics infrastructure
- Ability to provide value added services at the hub
- Be a part of the business hub
- Cost effective multi-modal transfer of cargo
- Reasonable port, airport and handling charges
- Limited government intervention and bureaucracy

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Integrated Logistics Platform



Integrated
Logistics
Platform

Multi-Modal

Logistics
Services

Manufacturing &
Assembly

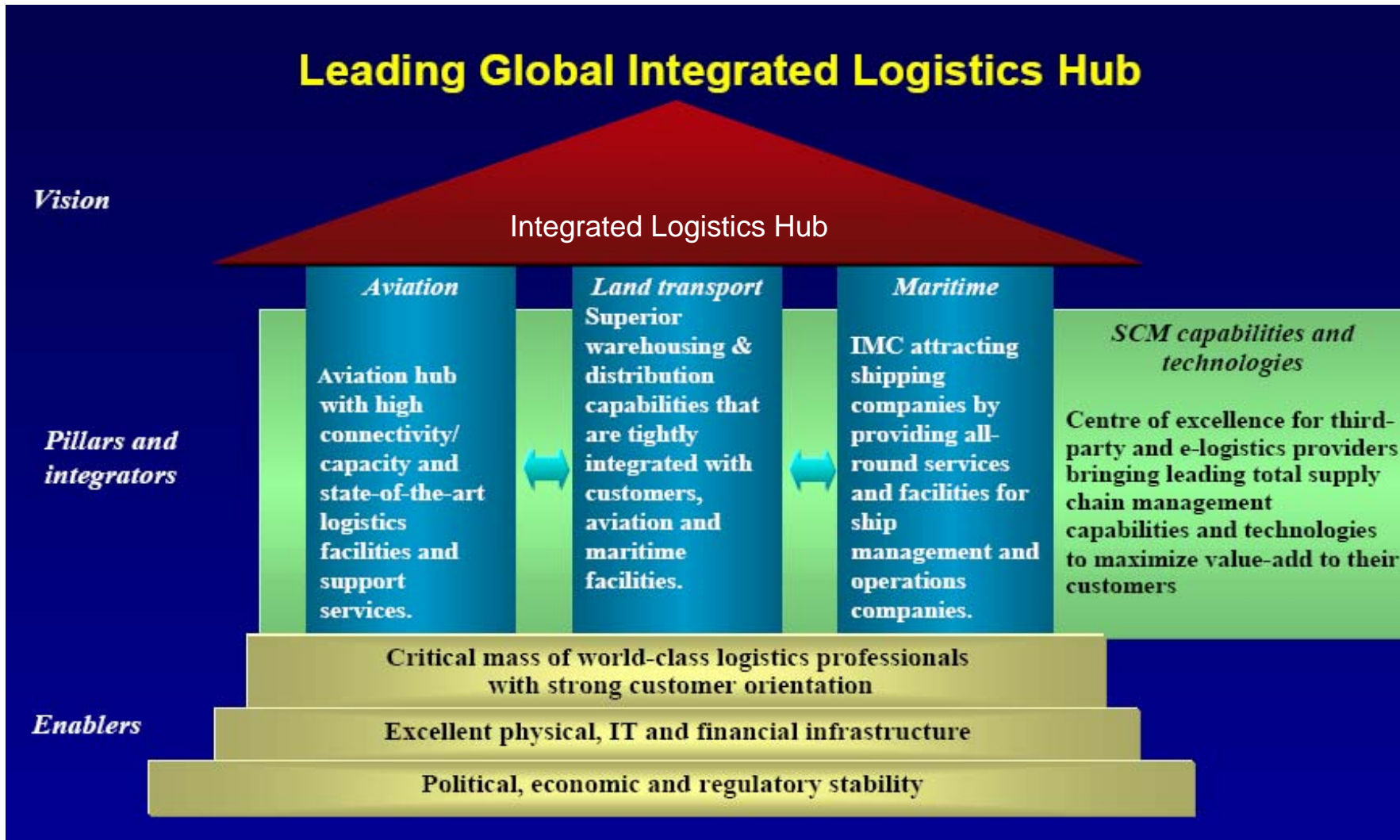
Business
friendly
environment

Source : Dubai Logistics City

Integrated Logistics Hub



Leading Global Integrated Logistics Hub



Does the UAE have the Potential to be a World Class Logistics Hub ?



- Strategic location—crossroads of major shipping routes linking Indian Ocean to Atlantic Ocean on one side & Pacific Ocean
- An economic environment that attracts foreign firms.
- The availability of a large free zone built around a world class ports and airports
- Track record of port and airport operator managing complex processes.
- Highly competitive handling charges.
- Provision of living standards to meet the demands of a large expatriate population.

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The Logistics Performance Index (LPI)



- Among the 150 countries evaluated Singapore is ranked as number 1 and the UAE ranks number 20.
- Logistics related facilities in Singapore and UAE are compared with a view to identifying gaps.

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Macroeconomic Data



	Singapore	UAE	Dubai
Nominal GDP US \$ b (2007)	155.89	192.51	54.22
Nominal GDP per Capita US \$ (2007)	35,142	43,751	35,437
Population (Billion)	4.44	4.40	1.53
Real Growth Rate Average % (2003-2007)	6.82	9.36	13.4
Inflation Average (2003-2007)	1.14	6.72	6.72
Imports US \$ b (2007)	322.65	103.35	81.57
Exports US \$ b (2007)	372.33	161.09	34.99
Trade as a % of GDP	472.3	131.3	149.7
Budget Deficit/GDP % US \$b (2007)	6.34	13	2.46
FDI US \$b (2006)	24.21	8.4	N/A
Transport & Communications Sector as % of GDP	12	6.67	13% (2005)
Total Transport and Communication Sector Employment	227,000	629,000	N/A
Land Area sq km	622	83,700	4,144

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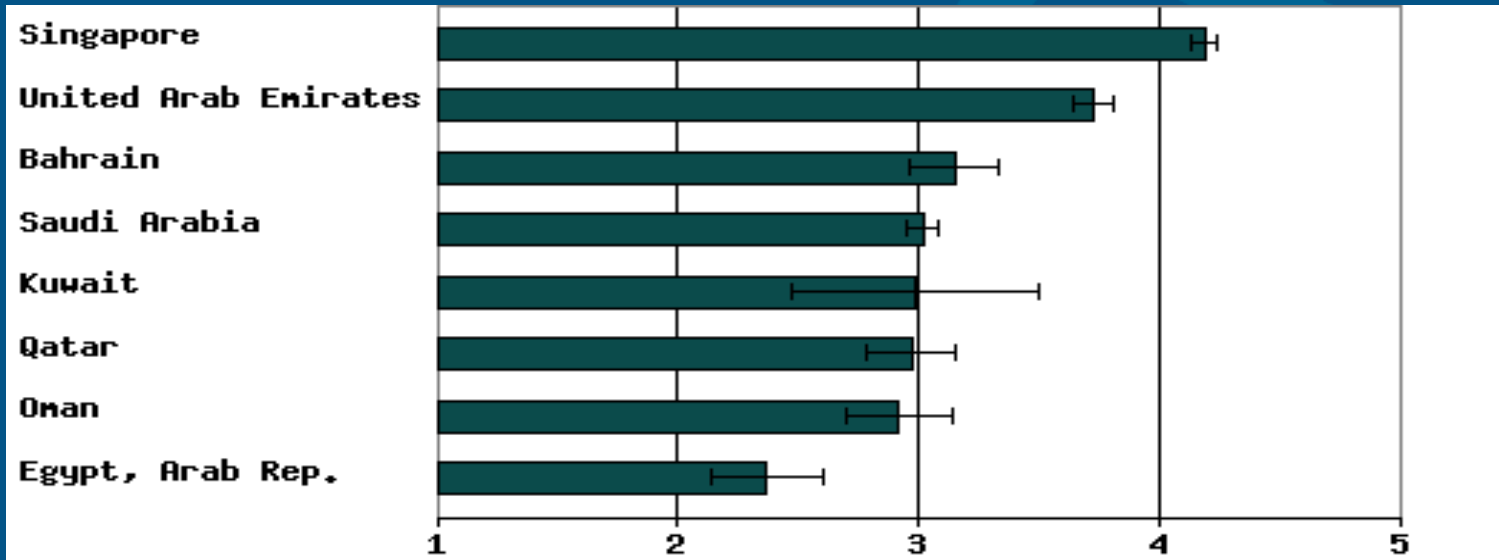
Logistics Performance Index



		Singapore	UAE
Logistics Performance Index	Rank	1	20
	Score	4.9	3.73
Customs	Rank	3	20
	Score	3.99	3.52
Infrastructure	Rank	2	18
	Score	4.27	3.80
International Shipment	Rank	2	13
	Score	4.04	3.68
Logistics Competence	Rank	2	20
	Score	4.21	3.67
Tracking & Tracing	Rank	1	23
	Score	4.25	3.61
Domestic Logistics Cost	Rank	113	98
	Score	2.78	2.80
Timelines	Rank	1	17
	Score	4.53	4.12

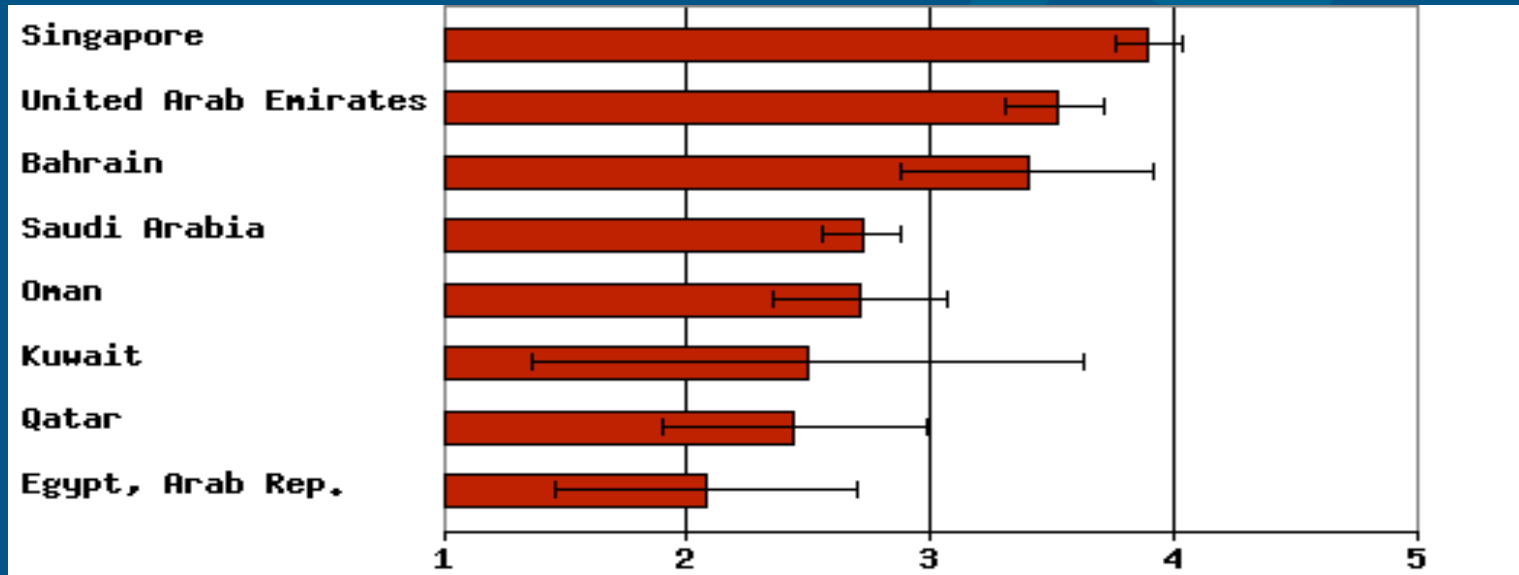
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Logistics Performance Index



Country	LPI	Country	LPI
Singapore	4.19	Kuwait	2.99
United Arab Emirates	3.73	Qatar	2.98
Bahrain	3.15	Oman	2.92
Saudi Arabia	3.02	Egypt, Arab Rep.	2.37

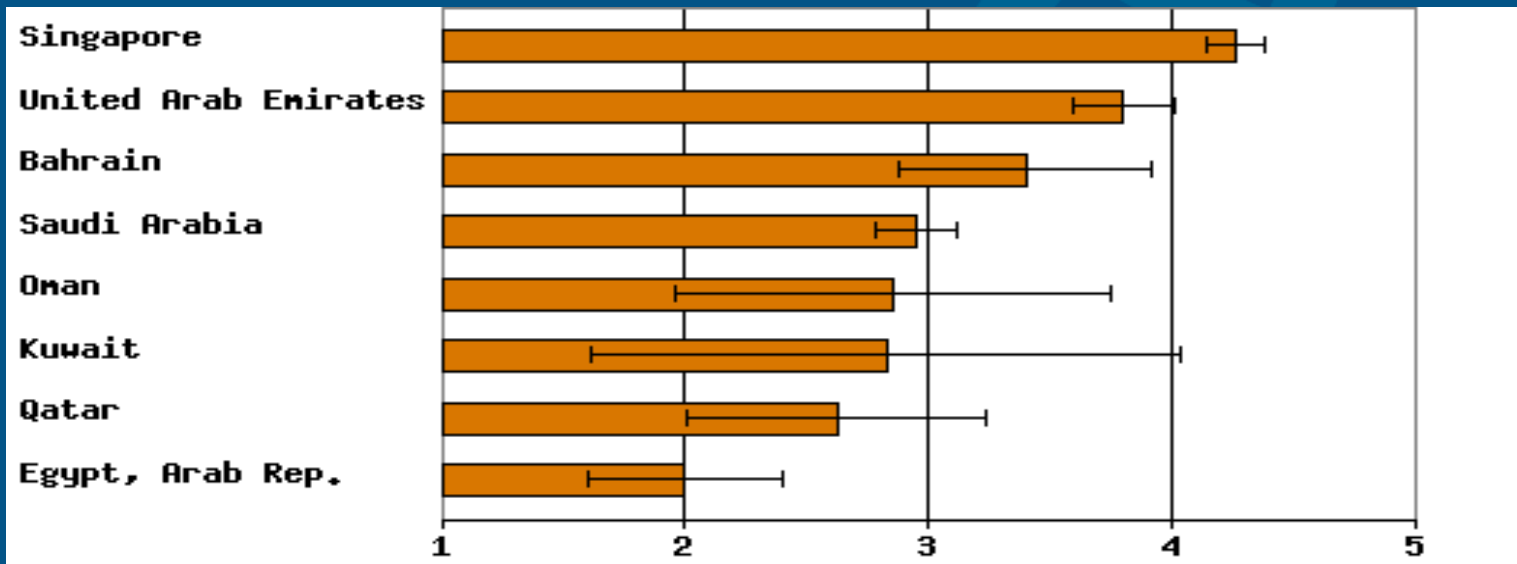
Customs: Efficiency & effectiveness of customs & other border



Country	LPI	Country	LPI
Singapore	3.9	Kuwait	2.71
United Arab Emirates	3.52	Qatar	2.5
Bahrain	3.4	Oman	2.44
Saudi Arabia	2.72	Egypt, Arab Rep.	2.08

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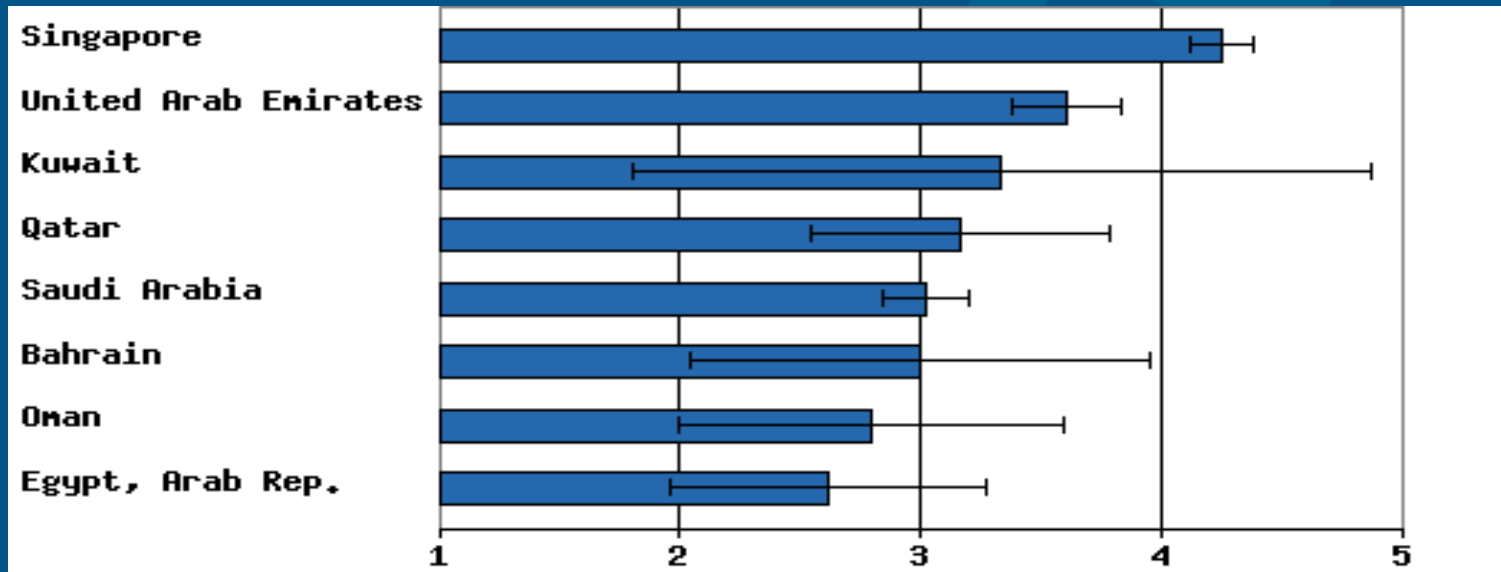
Quality of Transport and IT infrastructure for Logistics



Country	LPI	Country	LPI
Singapore	4.27	Kuwait	2.86
United Arab Emirates	3.8	Qatar	2.83
Bahrain	3.4	Oman	2.63
Saudi Arabia	2.95	Egypt, Arab Rep.	2

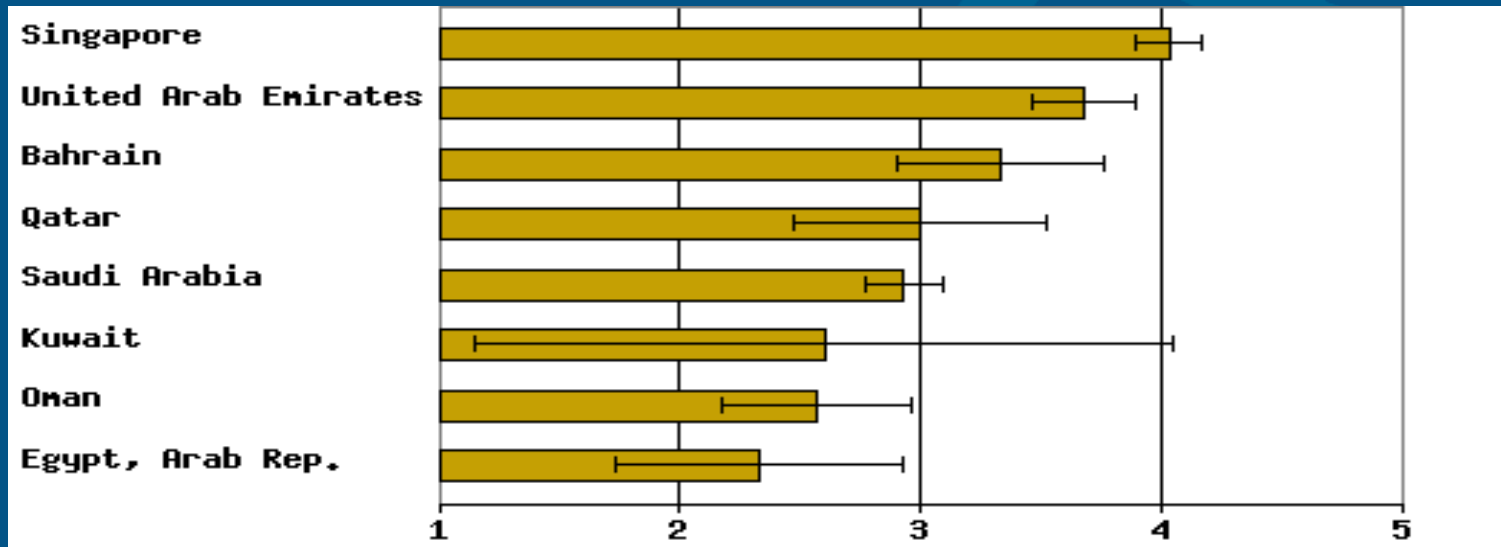
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Tracking & Tracing: Ability to track and trace shipments



Country	LPI	Country	LPI
Singapore	4.25	Kuwait	2.8
United Arab Emirates	3.61	Qatar	3.33
Bahrain	3	Oman	3.17
Saudi Arabia	3.02	Egypt, Arab Rep.	2.62

International Shipments : Ease and affordability of arranging shipments

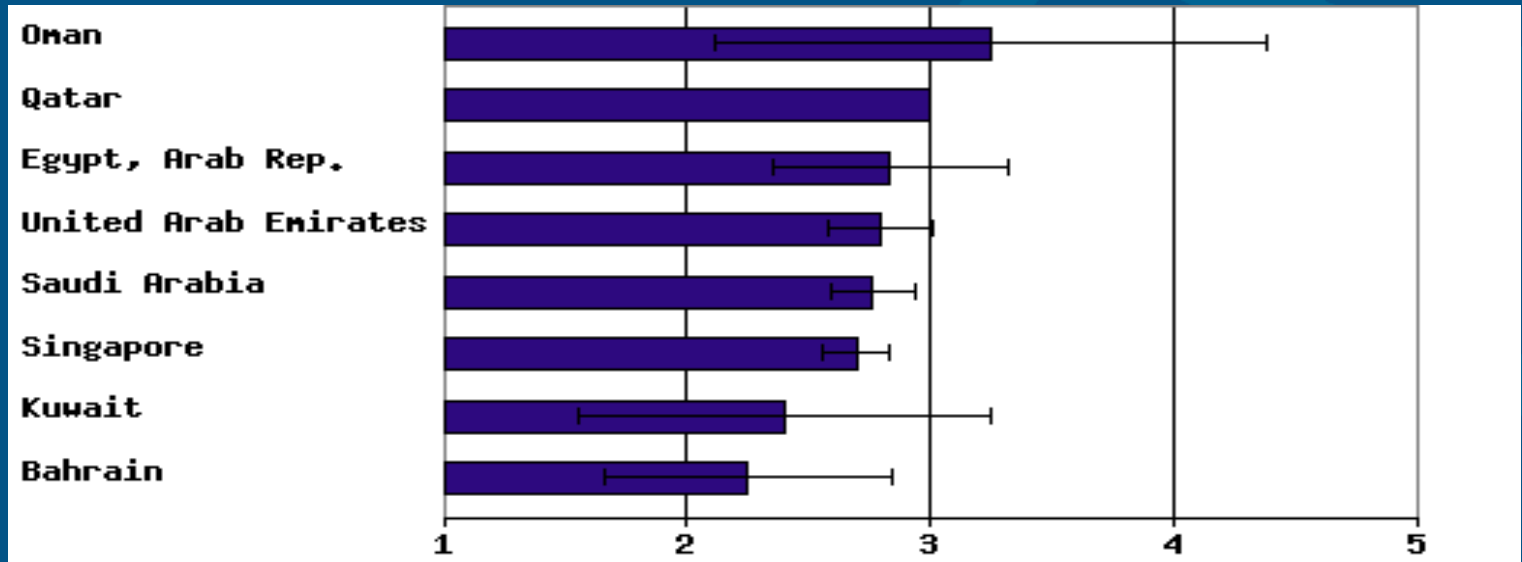


Country	LPI	Country	LPI
Singapore	4.04	Kuwait	2.57
United Arab Emirates	3.68	Qatar	2.6
Bahrain	3.33	Oman	3
Saudi Arabia	2.93	Egypt, Arab Rep.	2.33

Source : World Bank LPI

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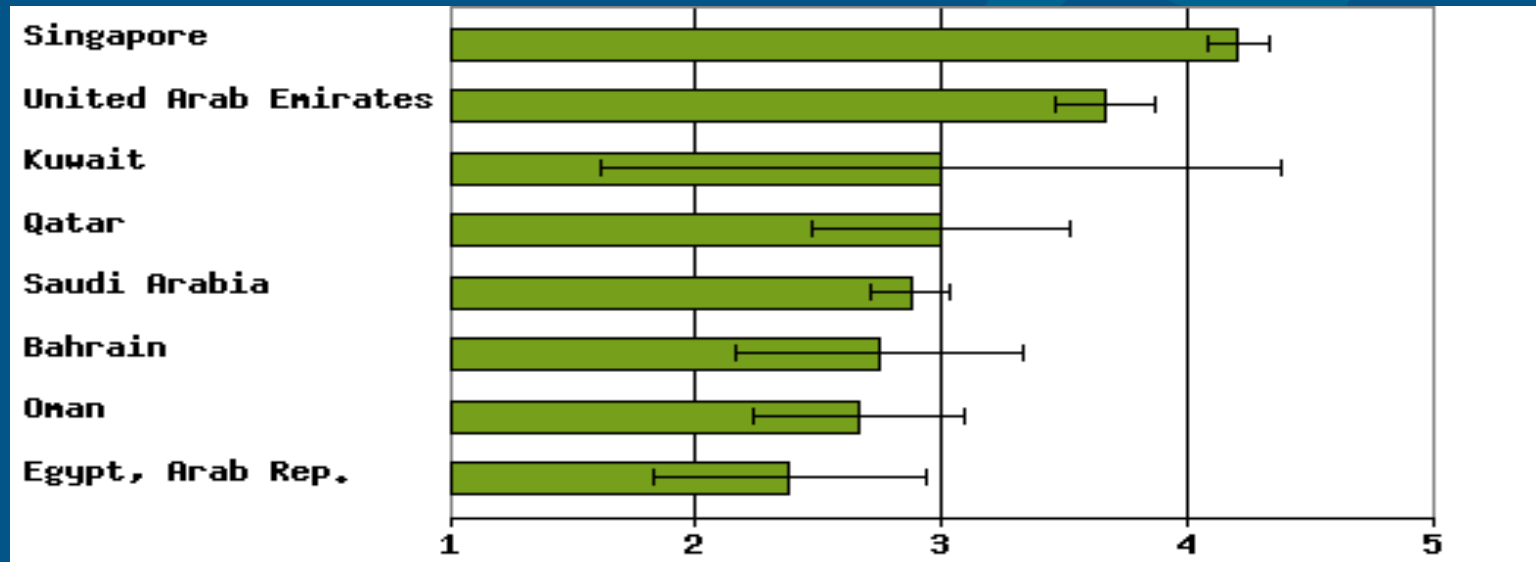
Domestic Costs: Local transport, terminal handling & warehousing



Country	LPI	Country	LPI
Singapore	2.7	Kuwait	3.25
United Arab Emirates	2.8	Qatar	2.4
Bahrain	2.25	Oman	3
Saudi Arabia	2.76	Egypt, Arab Rep.	2.83

Source : World Bank LPI

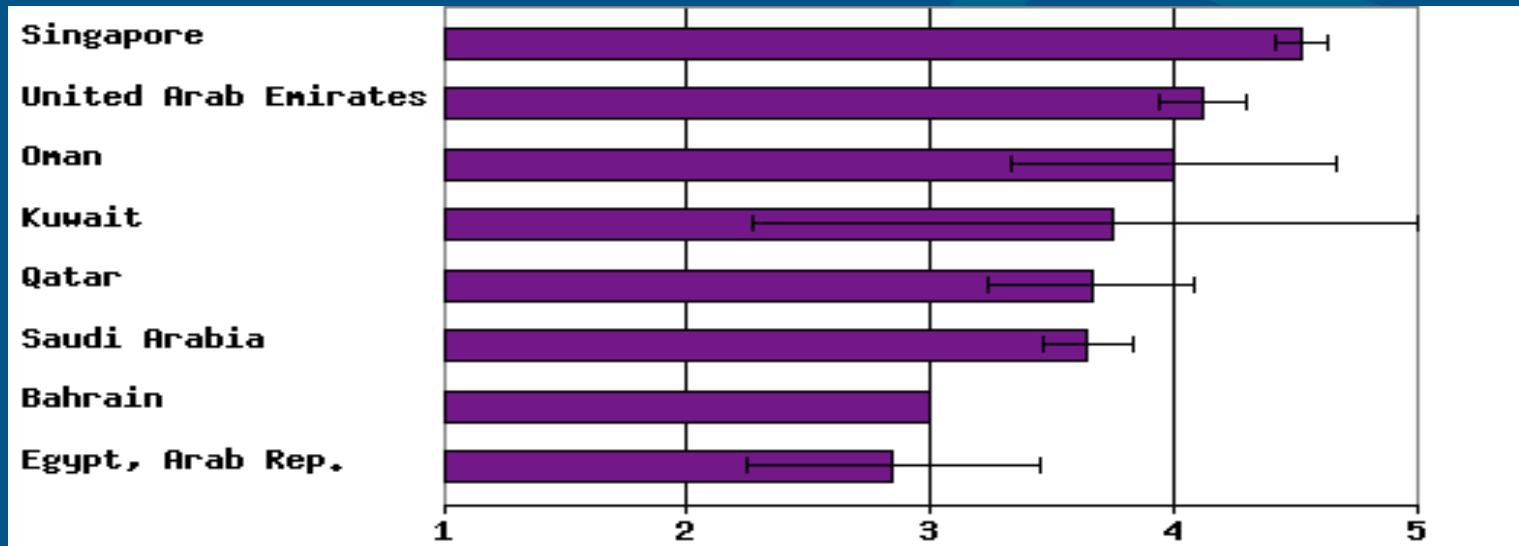
Logistic Competence: Competence of the local logistics industry



Country	LPI	Country	LPI
Singapore	4.21	Kuwait	2.67
United Arab Emirates	3.67	Qatar	3
Bahrain	2.75	Oman	3
Saudi Arabia	2.88	Egypt, Arab Rep.	2.38

Source : World Bank LPI

Timeliness: Timeliness of shipments reaching destination



Country	LPI	Country	LPI
Singapore	4.53	Kuwait	4
United Arab Emirates	4.12	Qatar	3.75
Bahrain	3	Oman	3.67
Saudi Arabia	3.65	Egypt, Arab Rep.	2.85

Source : World Bank LPI

Logistics Performance Data & Charges (1/2)



	Singapore	UAE
Rate of Physical Inspection (percent)	3	3
Customs Clearance (days)	1.1	0.9
Lead time export, median case (days)	2.4	3.5
Lead time import, median case (days)	2.2	4.1
Number of border agencies exports	1.5	3.6
Number of border agencies imports	1.7	3.6
Possibility of a review procedure (percent)	67	71

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Logistics Performance Data & Charges (1/2)



	Singapore	UAE
Typical charge for a 40-foot export container or a semi-trailer (US\$)	\$ 311	\$ 291
Typical charge for a 40-foot import container or a semi-trailer (US\$)	\$ 311	\$ 298.00
Landing Fees for aircraft not exceeding 100,000 kgs (US \$) Changi /Dubai	\$ 6 /1000 kgs	\$ 3.18 /1000kgs
Landing Fees for aircraft exceeding 100,000 kgs (US \$)	\$ 7.78 /100kgs	\$ 3.48 /1000kgs
Aircraft parking Charges 2000 mts sq for 24 hrs (US \$) Changi /Dubai	\$ 71.85	\$ 32.44
Passenger Service Chagres (US \$) Changi /Dubai	\$11.11	Nil
Security Charge Changi /Dubai	\$ 4.44	Nil

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Policy Prescriptions: Fees & Charges



- Reduction of seaport dues to remain competitive
- Reduction of airport landing/parking charges to remain competitive
- Reduce land cost/leasing costs near sea and airport areas

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Government Regulation



- Review bonded warehouse regulations to ensure maximum utilization of warehouse space.
- Allow pre-clearance of cargo. In some countries this facility is allowed only to air express companies. This facility should be extended to other logistic companies
- The government should review the regulation of dangerous goods. These should be product specific rather than category –specific licenses.
- The government should liberalize its policy on regulation of labor to logistic companies
- Streamlining checks on tankers calling at ports in the Dubai and introducing a standardized vetting procedure

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Infrastructure Development



- Physical infrastructure
- IT infrastructure
- Financial Infrastructure
- Education

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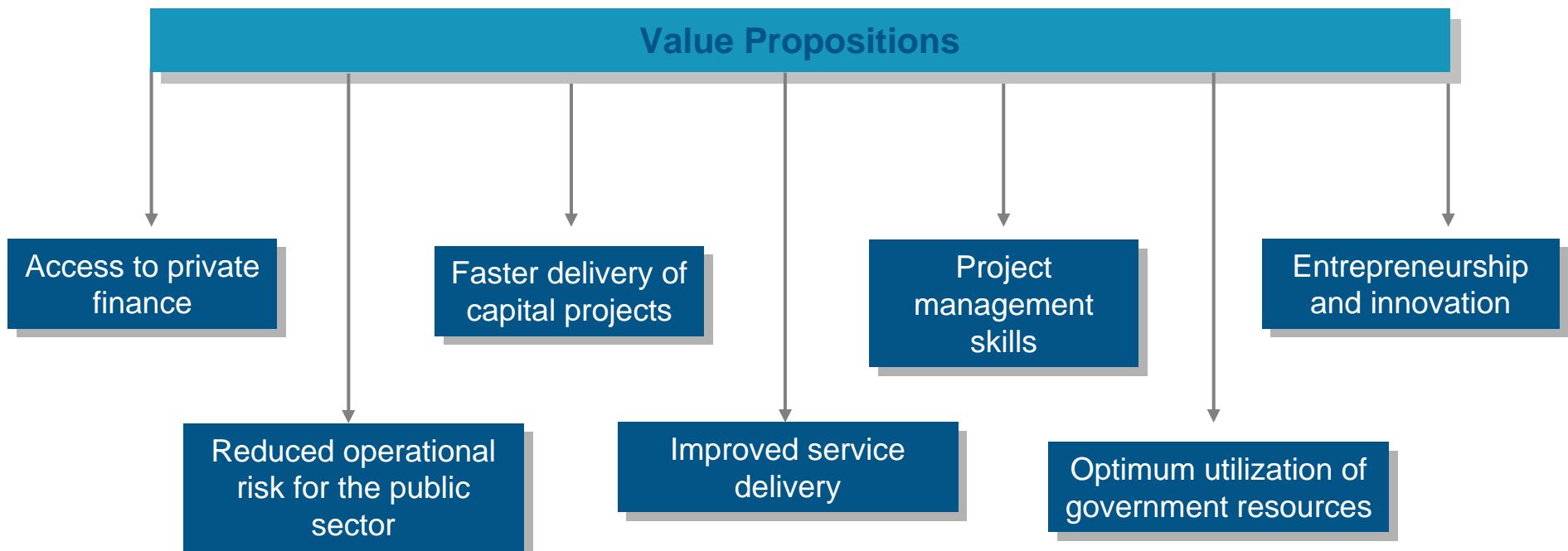
Public - Private Partnerships



Definition

A public private partnership can be defined as an agreement between government and private entities for the purpose of delivering a project or service, by sharing of risks and rewards of the venture.

Why Public Private Partnerships in Logistics



Policy Initiatives



- Monetary
- Fiscal
- GCC Union

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Conclusions



The potential of UAE as a world class logistics hub is undisputed.

What is required now are the enabling policies to realize this potential.

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Thank You

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