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GN FOCUS

New investments and Expo 2020 fuel rapid sectoral growth

The logistics and supply chain sector is preparing for heightened demand

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The UAE logistics sector represents about 13 per cent of the UAE's GDP

Image Credit: Shutterstock

The logistics and supply chain industry in the UAE is big business, with many companies vying for a piece of the action. “There are close to 5,000 established companies that operate in the logistics sector across the UAE, ranging from small freight forwarding companies, large conglomerate logistics service providers, through to multinational, fully integrated, global logistics service providers,” says Andy Bradbury, Managing Partner at UAE-based logistics firm Accelerate Evolution.

With such vast numbers of established companies in the country, perhaps it’s not surprising that they provide a healthy contribution to the UAE’s GDP.



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“The UAE logistics sector is substantial, representing about 13 per cent of the UAE’s total GDP, which is the primary reason for it also being a highly competitive and commoditised sector to operate within,” he says. “Challenging global and regional conditions have restrained domestic economic activity in 2018; however, going forward, we believe growth is likely to regain traction and converge with the medium-term growth average of 3.8 per cent, recorded in the past five years, driven by Expo 2020 and the UAE 2021 strategy.”

While no business is without its challenges, the logistics and supply chain sector has plenty of opportunities and continues to evolve.

Logistics hub

Geoff Walsh, UAE Country Manager, DHL, explains, “The UAE’s logistics sector has been growing rapidly in recent years, fuelled by project expansions and new investments, according to the Dubai Chamber of Commerce and Industry. The UAE’s sea and air-freight markets are also set to grow, given the expansion of infrastructure. Dubai is already home to one of the busiest international airports in the world and is widely recognised as a leading international transport and logistics hub.

“Expo 2020 is expected to drive the logistics and supply chain segment even further and cement the UAE’s position as a global leader in logistics.”



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As with any business, companies must learn to change and adapt if they wish to remain ahead of the competition and the logistics and supply chain sector is no exception.

“The boom in e-commerce is pushing more logistics operators to transform their models and ensure swifter delivery – and we are already seeing this take off in a big way in the UAE where retailers are increasingly looking at online strategies to supplement their brick-and-mortar models,” says Walsh.

“Retail e-commerce has grown tremendously in 2018 and according to BMI Research, the e-commerce market in the region will be worth \$48.6 billion (Dh178.4 billion) in 2022, up from an estimated \$26.9 billion in 2018. Looking ahead, cross-border e-commerce presents strong growth opportunities that are waiting to be tapped. With the proliferation of online trade, a product in one corner of the world today is now easily accessible to customers at the opposite end in just a few clicks and this has allowed online merchants to access markets and customers from around the globe.”

Real-time tracking

The increase in online trade, coupled with advances in technology, has helped play a role in the industry’s success. Whether it is designer fashion being transported to a customer, or vital organs being sent to a hospital, technology has provided a helping hand.

Roger Phillips, General Manager, Tranzone, says, “Over the past few years Tranzone has seen advances in the use of technology to ensure the integrity of products. Tranzone operates in the life science logistics sector and we have seen improvements with composite cold chain passive packaging systems and temperature monitoring devices, as well as the ability

to track nearly real-time shipments across the supply chain. In addition, we have seen airlines making investments to meet and exceed Good Distribution Practices guidelines set out by the World Health Organisation.”

While companies may witness developments in technology and evolve their businesses, another winning attribute for the logistics business in the region is that the UAE provides the perfect platform.



The Jebel Ali and Dubai South logistics corridor enables the efficient use of air-sea transportation that should attract companies to set up their regional distribution hub.”

- Roger Phillips, General manager, Tranzone



“The UAE has set up the necessary foundations to facilitate the logistics sector,” says Phillips. “The Jebel Ali and Dubai South logistics corridor enables the efficient use of air-sea transportation that should attract companies to set up their regional distribution hub. Industries such as healthcare/life sciences and aviation, just to name a few, can take advantage of this platform.”

With such a winning combination, this can only mean a successful future for the sector? “Based on the data from credible local and global institutions, coupled with our extensive knowledge of the UAE logistics sector, we believe that a growth of between 4.8 per cent and 5 per cent will be the trend during 2019,” says Bradbury.

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