

An ITP Business Publication
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middle east

news and analysis for supply chain management professionals

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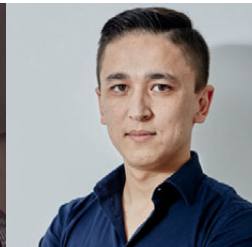
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JOIN THE CONVERSATION

“Currently, there is nowhere in the world experiencing this kind of growth. The rate of change in this region is sometimes dizzying. If we feel that things move ‘slowly’ in the GCC, as is often stated, I would like to know what rapid growth looks like.”



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CONTACT US

INDU MARITIME & LOGISTICS

JAFZA, United Arab Emirates

Telephone: **+9714 - 8860141**

Fax: +9714-8860142

Email: **info@indulogistics.com**

EDITOR'S COLUMN



I'd like to talk about digitisation. The concept has become one of 2017's 'buzzwords' for logistics, along with 'blockchain' and 'IoT'. Everyone claims to be digitising, just as everyone is embracing the Internet of Things to 'revolutionise' their supply chain and offer their customers a 'one stop shop' and 'fully integrated solution', etcetera. I could list a further 300 PR platitudes doing the rounds at present, but I only have space for 200 here, so what I'd like to talk about is digitisation. Digitisation in the travel industry sense. If someone wants to book a flight, hotel and rental car all at once, for any given date, there are a plethora of website through which it can be done.

There is no such solution for express logistics. I know this, because on the day this magazine went to print a colleague needed to send a document from Dubai to Karachi overnight. It took the better part of an entire afternoon for him to reach out to the big three couriers and their smaller competitors, source several quotes, clarify who could and couldn't deliver overnight, and then arrange for the document to be picked up. It was an old-fashioned and inefficient spectacle to watch.

The industry has started to digitise on the back-end, but it is a slow process being pursued by a select few. So, collectively as an industry could we stop using digitisation as a buzzword and actually start implementing it instead?

SHAUN EBELTHITE
EDITOR
SHAUN.EBELTHITE@ITP.COM

logistics^{middle east}

PO Box 500024, Dubai, UAE

Tel: +971 4 444 3000

Web: www.itp.com

Offices in Abu Dhabi, Dubai, London & Mumbai

ITP MEDIA GROUP

CEO Ali Akawi

Executive Director Matthew Southwell

Group Editorial Director Greg Wilson

EDITORIAL

Editor Shaun Ebelthite

Tel: +971 4 4443420 email: shaun.ebelthite@itp.com

ADVERTISING

Group Sales Director Stephen Price

Tel: +971 4 444 3246 email: stephen.price@itp.com

Sales Manager Anup Dominic

Tel: +971 4 444 3244 email: anup.dominic@itp.com

ITP LIVE

General Manager Ahmad Bashour

Tel: +971 4 4443549 email: ahmad.bashour@itp.com

STUDIO

Head of Design Genaro Santos

Art Editor Samir Al Ghazal

PHOTOGRAPHY

Director of Photography Patrick Littlejohn

Senior Photographers Rajesh Raghav, Efrain Evidor,

Richard Hall, Ethan Mann

Staff Photographers Lester Apuntar, Aasiya Jagadeesh,

Ausra Osipaviciute, Grace Guino, Fritz Asuro, Sharon Haridas, Ajith Narendra

PRODUCTION & DISTRIBUTION

Group Production & Distribution Director Kyle Smith

Production Manager Basel Al Kassem

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Director of Conferences, Circulation & Data Michael McGill

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*UPDATE 12.2017

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MBRSC will be working with Emirates SkyCargo for the transportation of KhalifaSat.

UAE's KhalifaSat-1 to be transported aboard Emirates SkyCargo in major logistics deal



Emirates SkyCargo has signed a Memorandum of Understanding with Mohammed Bin Rashid Space Centre (MBRSC) to become the preferred logistics partner for the Dubai-based space science and advanced technology research and development centre.

Under the MoU, Emirates SkyCargo will be MBRSC's preferred partner to provide air transport services for satellites and related equipment relating to the organisation's space projects.

"We are delighted to be work-

ing with Mohammed Bin Rashid Space Centre as a preferred partner for logistics and honoured to play our part in UAE's National Space Programme," said Nabil Sultan, Emirates divisional senior vice president, cargo.

"Emirates SkyCargo has a long history of securely transporting sensitive equipment and technology on our aircraft. We have sophisticated infrastructure and well trained staff across our network to ensure that delicate cargo is well protected," he added.

"We believe that Emirates SkyCargo can be a valuable partner

for us in the transportation of our satellites and other scientific equipment for our National Space Programme. Given the carrier's expertise and modern infrastructure including state of the art aircraft we have no doubt that our equipment will be in very safe hands," said Salem Al Marri, assistant director general for Scientific and Technical Affairs, Mohammed Bin Rashid Space Centre.

MBRSC will be working with Emirates SkyCargo for the transportation of KhalifaSat, the UAE's most technologically advanced

satellite built completely in the UAE by Emirati scientists and engineers.

Emirates SkyCargo will help transport the satellite from Dubai to Incheon, South Korea from where it will be prepared for final launch in early 2018.

The Centre is developing and leading ambitious projects and programs under the umbrella of the UAE National Space Programme including the Emirates Mars Mission – Hope mission, the Mars 2117 program, the UAE Astronauts Program, and the Satellites Development Program.

Mumzworld co-founder says couriers need to up their game



Mumzworld.com co-founder and partner Leena

Khalil says that 3PLs and last mile fulfilment partners in the Middle East need to adapt their services for e-commerce logistics in the region.

“In the UAE there are more than 130 couriers, but only two logistics solutions being offered,” she told delegates at the Leaders in Logistics 2017 conference.

“One of the largest challenges we have in aligning our goals with those of the last mile fulfilment partner. We don’t want standard delivery packages, we want the courier to plan their schedules, their solutions around the needs of our consumer,” she said.

Khalil added that couriers calling e-commerce companies’ customers and offering them a delivery slot that occupies an entire day was not good enough, and that couriers should be able to pinpoint the location of a client at a time convenient for the customer.

“We have enough data online to be able to pinpoint a consumer



even without them providing the correct address, so if couriers used technology correctly they’d be able to crack the market and survive in the new digital world,” she said.

For the Mumzworld.com co-founder and partner, the express logistics sector in the Middle East

undermines itself by being “too ambitious”.

“We interview LSPs a lot and they’re all super ambitious, but they’re extending their reach too far and wide and don’t specialize in a particular area,” she told delegates. “I’d rather have a super special-

ist courier company that only operates in Dubai, one in Abu Dhabi, one in Bahrain etc. I don’t like being told about how they’re going to be in ten countries within a year, because that says to me that you’re not mastering your core location first.”

COSCO to pull out of Jebel Ali as Port Khalifa project commences

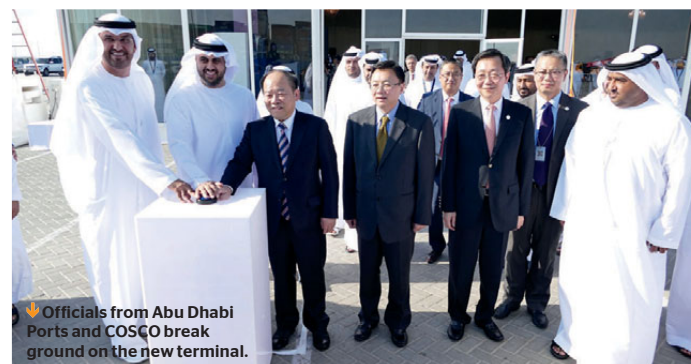


Abu Dhabi Ports and COSCO Shipping Ports Limited (CSP)

held a ground-breaking ceremony for the CSP Abu Dhabi Container Terminal at Port Khalifa, marking the start of the shipping giant’s plan to expand Port Khalifa’s annual container handling capacity by 3.5-million TEU.

A new agreement between CSP, the world’s leading ports operator, and Abu Dhabi Ports was also signed during the ceremony for development of the largest container freight station in the region.

The new Container Freight



Officials from Abu Dhabi Ports and COSCO break ground on the new terminal.

Station will provide Abu Dhabi trade with a state of the art facility offering bonded LCL/FCL consolidation and de-consolidation services, cross stuffing, cargo

weight reduction, short term warehousing for de-consolidated cargo as well as easy connectivity with the container terminals in Khalifa Port.

“Khalifa Port is one of the fastest growing ports and an important gateway port in the region, with huge potential and prospect. COSCO SHIPPING Ports is marching another step forward in the port development project with Abu Dhabi Ports,” said Ning Jizhe, deputy director of China’s National Development and Reform Commission (NDRC), which is providing a significant portion of the funding for the project.

Zhang Wei, vice chairman and managing director of COSCO Shipping Ports Limited said during the event that although the growth prospects for Port Khalifa are promising, the vast majority of container traffic for the new terminal will come from COSCO’s transshipment operations in the region. (See full analysis in our Case Study).

Fetchr enters three-way drone delivery project in Dubai



Fetchr, Eniverse Technologies and Skycart have joined forces to develop the very first autonomous drone delivery service in the Middle East.

This partnership will allow Fetchr to further leverage its geolocation state-of-the-art technology to send packages on behalf of its customer base via a new autonomous channel.

“At its core Fetchr is a technology company, and this partnership represents a significant milestone for us as we work towards achieving Fetchr’s vision of enabling all deliveries through technology and disrupting the last mile delivery industry,” said Idriss Al Rifai, founder and CEO of Fetchr.

“These autonomous drones from



Skycart will help us beat typical last mile challenges, and enhance the delivery experience of our customer while they are on the go,” he added.

“We are committed to collaborating with the concerned authorities in the UAE and become part of the

country’s endeavours to be at the forefront of global innovation and implementation of such advanced technologies,” he said.

For his part, Mohammed Johmani, founder and CEO of Eniverse Technologies, commented on the

significance of this partnership. “Today we mark the launch of a long-term relationship with Fetchr. We are delighted to be the first company to implement this new modern technology in the UAE, especially with a like-minded firm such as Fetchr in which we see great future growth potentials.”

Skycart’s autonomous drones have the capacity of accommodating for different types of deliveries, and enable 24/7 deliveries in less than 30 minutes.

This new collaboration will be a game changer in the e-commerce market as it will dramatically reduce the time needed between online purchases and package delivery at your doorstep, Fetchr said in a statement.

STORY SUMMARY

HUTCHISON PORTS RAK TO OPERATE SAQR PORT CONTAINER TERMINAL

Port operator Hutchinson Ports has won a 25-year concession agreement from the government of Ras Al Khaimah to operate and develop the Saqr Port container terminal facilities.

A celebratory ceremony was held in the presence His Highness Sheikh Saud bin Saqr Al Qasimi, Member of the Supreme Council and Ruler of Ras Al Khaimah.

“One of our objectives in Ras Al Khaimah is to create a business infrastructure that will attract investors and entrepreneurs from around the world,” he said at the ceremony. “Hutchison Ports RAK and its plans for future development of the Saqr Port facilities are a key piece in our logistics strategy which will encourage those with interest to make the commitment to Ras Al Khaimah.”

Dubai Trade CEO: GCC supply chain must adapt or risk irrelevancy



Mahmood Al Bastaki, CEO, Dubai Trade says that what is happening in ocean freight today mirrors what happened to the IT sector twenty years ago, and that logistics players in the Middle East must adapt or risk irrelevancy.

“There was immense consolidation in IT a few decades ago and only the big players, the Oracles, Microsofts and Apples stayed,” he said, speaking at the Leaders in Logistics 2017 conference. “They bought everyone else, integrating the aspects they liked into their own business.”

“What is happening now in ocean freight is a sea change and as players in the logistics market we need to think about how this will impact us,” he added.

Al Bastaki also spoke about e-commerce and pointed out that in the same way as the shift in ocean freight, there is a major change in mindset required to confront e-commerce logistics.



“E-commerce is changing our world, retailers have been pushed to go online, they never considered this before,” he said. “The consumers of the future want us to shift our logistics in a new direction. SOUQ.com was acquired by Amazon and was born in Dubai, we’re very proud of this. There is Noon.com as well and their ambition

is inspirational.” Al Bastaki said that Noon.com is talking about carrying out delivery within a few hours of purchase. “E-com is pushing logistics in ways that were unimaginable a few years ago. We need to keep changing, if we don’t continue to evolve and adapt, we will become irrelevant.”

Emirates VP says Everything in the cabin should eventually be 3D printed



Emirates has for the first time used cutting-edge 3D printing

technology to manufacture components for its aircraft cabins.

The airline used Selective Laser Sintering (SLS), a new 3D printing technique to produce video monitor shrouds.

Emirates has worked with 3D Systems, a US based 3D printing equipment and material manufacturer and services provider, and with UUDS, a European aviation Engineering and Certification Office and Services Provider based

in France, to successfully print the first batch of 3D printed video monitor shrouds using 3D Systems' Selective Laser Sintering (SLS) technology platform.

The airline has also 3D printed, received certification for and installed aircraft cabin air vent grills for on-board trials in its first class cabins.

"Over the last two years Emirates Engineering has been actively exploring 3D printing for aircraft cabin parts as it is a transformational technology that can be used to achieve an increase in efficiency

and productivity," said Ahmed Safa, Emirates senior vice president-Engineering Support Services.

"The technology we use has the potential to deliver cabin parts with reduced weight without compromising on structural integrity or cosmetic appeal," he added.

Emirates will evaluate the performance and durability of the 3D printed air vent grills and video monitor shrouds before further roll out across its fleet. The airline will also continue to pursue other opportunities for introducing 3D printed components across its

operations.

"Everything you see in the cabin should eventually one day be printable," he added.



STORY SUMMARY

HUTCHINSON TARGETS UAE'S SMALLER PORTS WITH UMM AL QUWAIN DEAL

Just days after signing a concession to operate Ras Al Khaimah's key container port (see previous page), Hutchinson Ports was awarded a concession to operate Ahmed Bin Rashid Port in Umm Al Quwain (UAQ).

Ahmed Bin Rashid Port is a key entry-exit point for container, general, Ro-Ro and bulk cargo in the northern United Arab Emirates and will be operated as Hutchison Ports UAQ.

The port is the 51st in Hutchinson's global network, but like Ras Al Khaimah, will be primarily a local gateway terminal.

"The UAE economy is growing strongly and there is great demand for terminal facilities in the northern part of the Emirates," said Andy Tsoi, managing director of Middle East and Africa at Hutchinson.

Takhzeen Logistics launches first Dubai warehouse in regional push



Takhzeen Logistics Company (TLC) has launched its first

logistics facility in the UAE as part of the company's regional expansion plan to connect GCC markets.

The temperature controlled warehouse is 6,000sqm with a capacity of 8,500 pallet positions. It is intended to help TLC provide its customers with seamless and integrated 3rd party logistics solutions.

According to a statement from the company, "The aim is to fluidify the connection of UAE and KSA markets facilitated through a remarkable fleet of reefer and ambient trucks along with specialized Customs Clearance Agents at borders."

The warehouse has been developed and paid for by Takhzeen Logistics, but will be operated by Integral DMCC.

"Our unwavering commitment to provide our customers with professional and modern logistics services, applying the latest specifications of sorting, transportation and supply had given us a prominent position in the competitive Logistics



↓ AlMuthana Al Kaid, executive director & board member, Takhzeen Logistics Company.

industry," said AlMuthana Al Kaid, executive director & board member, Takhzeen Logistics Company.

"We always strive to create value for all our stakeholders and for the communities we operate in, and we are proud to be launching TLC Dubai to connect the KSA and UAE markets and cater to a wide range of industry stakeholders," he added.

"We, along with our 4PL busi-

ness partner, Integral DMCC, are committed to continuously improve our business processes in order not only to meet but exceed the expectations of our existing and potential customers," he said.

Services offered by TLC Dubai include but are not limited to warehousing, value added services, customs clearance, cross docking/shipments consolidation and transport by road within the region.

Tristar Group introduces blockchain into supply chain



Tristar Group announced a milestone in its digital transformation strategy as it unveiled

a ground-breaking Proof of Concept (POC) using blockchain technology.

Transparency in the supply chain has always been difficult to achieve, but Tristar will break down those barriers using blockchain. The platform that Tristar uses is one of the first of its kind in the world and is currently operational.

“Blockchain technology gives us the ability to provide irrevocable verification and oversight to complex processes and movements

of products to our customers. Records stored in the blockchain are computationally almost impossible to alter, leading to unprecedented verification and transparency to all stakeholders involved in a particular transaction,” said Eugene Mayne, Tristar’s group CEO.

“We are proud to once again place Tristar at the forefront of our industry. Blockchain technology has the potential to disrupt the logistics industry in the same way that the internet disrupted traditional business models around 20 years ago,” he added.

Tristar’s blockchain implemen-

tation is underpinned by IBM’s Hyperledger technology and runs on Amazon Web Services cloud platform.

Complete end-to-end warehousing and transportation processes will be captured in Tristar’s private blockchain, providing real time oversight and analysis.

Additional benefits include the reduction in usage of paper, elimination of human error, and the ability to optimise warehousing manpower, scheduling, and deliveries. The project also enables Tristar to seamlessly tie together its Warehouse Management System and transportation



↓ Eugene Mayne, Tristar’s group CEO.

platforms, allowing key customers to access a single secure platform protected by military grade encryption with irrefutable records of events and interactions between the parties.

Schmidt Logistics Bahrain launches \$20-million warehouse, targetting petrochemicals



Schmidt Logistics Bahrain, a new joint venture between nogaholding

and Schmidt Heilbronn, has launched its US \$20-million warehouse in the Bahrain Logistics Zone.

The joint venture will create around 100 jobs in the logistics sector (directly and indirectly) and will support the Bahrain Logistics Zone’s expanding operations, particularly in the chemical and petrochemical logistics market.

“We would like to congratulate Schmidt on the launch of our new Joint Venture facility here in Bahrain, where there is great demand for its highly-specialised services,” said Shaikh Mohamed bin Khalifa Al Khalifa, the minister of oil and chairman of nogaholding.

Nogaholding is the investment and business development arm of National Oil and Gas Authority (NOGA) in Bahrain.

“Our new facility will have a significant positive impact on the regional chemical and petrochemical industries and



↓ The joint venture will create around 100 jobs in the logistics sector

facilitate quicker and easier transportation of goods around the GCC,” he added. “Through our partnership with Schmidt we are proud to have supported the establishment of this facility, and will continue to provide support for its operations in the future.”

Thomas Schmidt, CEO and

managing partner of Schmidt Group, said: “This new development is a reflection of the huge growth we see in the regional logistics industry. It also represents the confidence we have in Bahrain as one of our key strategic operational bases in the Gulf region. We originally chose to locate a significant proportion of

our services in Bahrain because of the strong transportation links with neighbouring countries, excellent logistics infrastructure and supportive regulations.”

“We are now in a position to be able to capitalise further on these competitive advantages and expand our regional offering,” he added.

STORY SUMMARY

TURK HEAVY TRANSPORT DELIVERS MARINE LOADING ARMS IN BAHRAIN

The Turk Heavy Transport team has recently completed the successful transportation of 2 units of marine loading arms from Khalifa Bin Salman Port to Gulf Petrochemical Industries in Bahrain. Each marine loading arm weighed 33.7tns with dimensions of 26.20 x 2.87 x 3.52m.

Turk Heavy Transport were responsible for the survey, permissions, escorts & transportation. This movement is another example of the reliability and safety offered by Turk Heavy Transport for any kind of heavy lift and oversized projects. The company are founding PCN members in Bahrain.

ADSB takes leap of faith with entry into depressed oil and gas sector



Abu Dhabi Ship Building (ADSB) has expanded its services portfolio to the oil and gas industry, betting on a lower oil price in 2018 to spur demand for its services.

“Today, the supermajors and national oil companies are tightening their spending. Investments into new offshore and onshore assets are being put on hold, and are instead funneling their spending into routine maintenance work—a core ADSB capability,” said Khaled Al Mazrouei, CEO of ADSB.

This is the company’s first foray outside of the naval, marine and defence sector, as it seeks opportunities beyond its traditional industries of focus.

“With ADSB’s strong perfor-



↑ Khaled Al Mazrouei, CEO of ADSB.

mance and recent win on providing marine support services for the UAE’s naval fleet, we are leveraging our relationships with our core government clients in the region to

move into a new industry, as we feel that oil and gas has the potential to grow our business beyond ship building,” Al Mazrouei added.

The shipyard is tapping into new revenue streams in the merchant and offshore sectors, and has partnered with international marine sales services and agents in 17 countries that promote new build and repair services on behalf of the company.

“We are optimistic about the future,” concluded Al Mazrouei. “We have the expertise and experience in some sectors. We are confident that our 1,200-strong team can expand our capabilities to ensure the longevity of our organization, while helping our customers realize their business goals.”

ICTSI plans to double Iraq’s Basra Gateway Terminal capacity with \$100-million



International Container Terminal Services (ICTSI)

says its US \$100 million expansion in the second development phase of the Basra Gateway Terminal (BGT) will double the terminal’s container handling capacity.

Two new berths will be developed and BGT’s annual container handling capacity will be increased by 600,000 TEU to 1.2 million TEU, according to the details of an expansion agreement signed by Enrique K. Razon Jr, chairman & president of ICTSI.

ICTSI said that it plans to start work immediately on the terminal, located in North Port, Umm Qasr, Iraq, by equipping the berths with quay and landside container handling systems to handle container vessels of up to 10,000 TEU.

Combined with the adjacent Berth 27, it will offer a continuous berthing line of 600 metres.



↓ Shipping lines want to be able to service Umm Qasr with larger vessels.

“This new US \$100 million investment follows hot on the heels of ICTSI’s development of Berth 27 and the rehabilitation and upgrade of berths 19, 20 & 21, a US\$150 million investment,” says Enrique K. Razon Jr, chairman & president of ICTSI.

“This combined effort will, when the new facilities are completed in 18 months’ time,

deliver the new facilities that are essential to support Iraq’s key economic objectives including the resurgence of the non-oil economy,” he added.

Phillip Marsham, BGT CEO, added that the new development will meet demands from shipping lines for greater capacity and upgraded port infrastructure to that they can introduce larger

capacity vessels into the port of Umm Qasr.

“Since we commenced operations at the North Port, Umm Qasr, we have striven to meet the new requirements of ship owners and deliver international standard services,” he said. “Like other ports worldwide, Umm Qasr needs to handle larger size vessels.”

GIC invests US\$ 100 million in UAE-based Tristar Group



UAE-based Tristar Group has sold an equity stake to

Kuwait-based Gulf Investment Corporation (GIC) by issuing US\$ 100 million worth of fresh shares to GIC.

The proceeds will be used for the expansion of the Tristar business.

Because of GIC's investment in Tristar, the company will be owned by Agility, GIC and the founder and chief executive of the Tristar Group, Eugene Mayne.

Tristar will be operated under a new company structure in DIFC with the name Tristar Holdings Limited. All Tristar activities will be held under the DIFC holding.

Under the terms of the agreement, Mayne will continue to lead Tristar Holdings as group CEO.

The fresh capital will be used for the growth and future expansion of Tristar. The Tristar Group is on target to close 2017 with approximately EBITDA of US\$ 100 million.



Under the terms of the agreement, Mayne (centre) will continue to lead Tristar Holdings as group CEO.

STORY SUMMARY

DUBAI POLICE BREAK WORLD RECORD PULLING A380

Dubai Police set a Guinness World Record as part of the Dubai Fitness Challenge (DFC), when a team of police officers pulled an Airbus A380 a distance of 100 metres. They broke the previous record, involving 100 people who pulled a 218.56 ton plane in Hong Kong. Major-General Abdullah Khalifa Al Marri, commander-in-chief of the Dubai Police, received the record certificate from Huda Kassab, director of the Guinness World Records, in Dubai.

RB Logistics appoints GAC for Abu Dhabi talc shipping



European bulk logistics provider RB Logistics (RB)

has appointed GAC Abu Dhabi for a second time to provide a complete logistics service package.

The two-year contract covers freight services, transportation, warehousing and handling of talc powder from Italy to Ruwais for a client of IMI FABI.

GAC will arrange for collection of talc from IMI FABI's mine in Italy and send it by sea to Abu Dhabi, where it will handle the customs clearance before transporting to GAC's Mina Zayed warehouse.

There, the talc will be loaded into RB's 40-foot silo



containers using a specialised RB Transloading machine for the road trip to the production plant in Ruwais. After unloading, empty containers will return to the warehouse. The GAC team will carry out

at least 12 load out operations a month.

GAC staff have been trained in the operation and maintenance of the RB machine, and the GACWare Warehouse Management System has been incorporated into the supply chain to ensure transparency, accurate stock records and inventory control.

Ben Reijers, RB's CEO, says: "By combining RB's and GAC's expertise and experience, we are able to offer a unique and niche solution to IMI FABI and their customer. Both companies share the same strong values, and we are very proud to be able to work in partnership on this project."

THE BIG PICTURE

Dnata invests in hybrid vehicles for logistics fleet

Al-Futtaim Motors and dnata have reiterated a commitment to a more sustainable future by introducing a fleet of hybrid vehicles to the air services providers' fleet at Dubai International Airport.

The new hybrid fleet includes Lexus RX 450h, Toyota Prius, the new Hino 300 Series hybrid truck as well as electric towing trucks from Toyota Material Handling, all designed to meet the demanding requirements of dnata while maintaining a low ecological footprint.

"dnata has been in the UAE practically as long as Al-Futtaim Motors, and both companies share an innate desire to contribute more to society by providing services that will help build a greener future for future generations," said Bertrand Thiebaut, senior managing director of Al-Futtaim Motors.

"For more than seven years, Lexus has paved the path for hybrid transport in the UAE, and we now offer the largest choice of luxury hybrid vehicles to consumers and businesses," he added. "This collaboration is testament to our growing portfolio of strategic tie-ups across the UAE, as we continue to supply the best green products from across our brands to suit a wide range of needs. We look forward to seeing our hybrid vehicles deliver dnata's green transport targets."



STORY SUMMARY

DAIMLER ROBOT VANS AND DRONES TO BOOST UAE LAST MILE

Daimler Commercial Vehicles is exploring the feasibility of developing robot-carrying and drone enabled delivery vans in the UAE to enhance the efficiency of last mile fulfilment for clients.

"The sector of logistics served by vans is growing at a rapid rate, and is being driven in large part by evolving economic and social global trends," says Roland Schneider, president & CEO Daimler Commercial Vehicles MENA. "These include urbanisation, the growth in e-commerce, the intelligent networking of a wide range of technologies in the Internet of Things (IoT) and the proliferation of platform-based business models."

Daimler envisions a van capable of carrying robotic material handlers in an automated cargo space.

EMC and Liebherr target cement mixer logistics

Emirates Motor Company (EMC) Daimler Commercial Vehicles and Liebherr will be supplying 200 Mercedes-Benz Actros trucks with mixers to help logistics firms across the UAE deliver on their infrastructural commitments to the construction sector.

The partnership will comprise a supply of 200 Actros 8x4 with 12 CBM Liebherr Mixers, out of which 100 units will be supplied to one of the largest ready-mix companies in the UAE.

The state-of-the-art technology will come with a 'Connected Trucks' concept where a unique Fleetboard system will be used for vehicle tracking and driver's performance measurement.

The combination of Mercedes chassis and Liebherr mixer bod-



ies are a perfect technically coordinated fit and form reliable and high-quality truck mixer units. EMC is the authorized Mercedes-Benz distributor in the Emirate of Abu Dhabi and the flagship company of ALFAHIM. It will supply top-of-the-line Mercedes-Benz commercial vehicles with a five-year extended warranty.

Bilal AlRibi, general manager

of EMC Daimler CV, said: "We are excited about our partnership with Liebherr as we continue to support Abu Dhabi and the UAE reach their visions. Our aim is to provide the best vehicles and technology to meet the needs of our client's business. Nothing fits this description better than the Mercedes-Benz brand promise and EMC's commitment to service excellence."

E-COM: THE NEW BATTLEGROUND

E-commerce is the logistics buzzword of 2017, at least in the GCC, everywhere you look, LSPs seem to be getting ready for battle.



Sheikh Ahmed Bin Saeed Al Maktoum, chairman of the Dubai Airport Freezone Authority (DAFZA), announced a new freezone for the e-commerce sector in November.

Called Dubai CommerCity, the new freezone joint venture between DAFZA and wasl Asset Management Group will be located in the Umm Ramool area of Dubai, spread across 2.1-million square feet.

It is an expensive and highly visible stake in the ground as the logistics sector in the region prepares for battle over a share of the region's e-commerce market, which is expected to reach USD 20 billion in 2020.

"The convenience and access in terms of choice is what is driving the explosive growth in e-commerce," said Anass Boumediene, co-founder and co-CEO of Eyewa, a UAE-based e-commerce platform. He was speaking at the Leaders in Logistics 2017 conference, held in October. Another e-com executive at the event, Mumzworld.com co-founder and partner Leena Khalil, added that the growth in e-commerce was also a result of the region catching up with more developed markets.

"I think the region has a lack of retail space, it seems like we're a consumer driven economy, but our retail space per capita is actually lacking," she said. "In Saudi the retail space per capita is a fifth of what it is in the UAE, and in e-commerce total spend compared to brick and mortar, we're far lower than the rest of the world, there is a lot of room for growth and especially when it comes to essentials."

The need is there then, and it's creating demand, which a plethora of regional e-commerce companies are positioning to

“The logistics part is the main component to a successful e-com company, how quick you are in delivering to the market is key, this is what differentiates the different platforms from one another”

BAHEEJ AL BIQAWI, CEO, ALMAJDOUIE LOGISTICS



Anass Boumediene, co-founder and co-CEO of Eyewa.



fill. The most famous of these brands is of course SOUQ.com, which Amazon purchased last year. The global online retail giant has since said it plans to establish a Dubai hub in the coming months.

Dubai CommerCity is strategically intended to promote Dubai's position as a leading platform for international e-commerce and to support economic diversification and smart



↓ Dubai CommerCity will enhance the role of e-commerce as a key driver of Dubai's economy.



↑ Mohammed Al Zarooni, director general of DAFZA.



↑ Baheej Al Biqawi, CEO, Almajdouie Logistics.

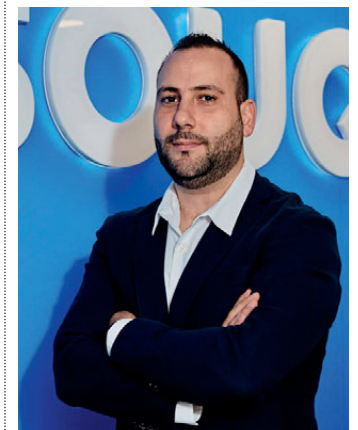
Dubai CommerCity will be located near the Dubai International Airport, and will be well-connected to major local and national highways, providing direct access to market in last mile delivery for e-commerce stakeholders in the MENA and South Asia regions.

Dubai CommerCity spans a total area of 427,000 square meters 207,000 square meters of which will be for logistics and warehousing. DAFZA says the freezone will offer world-class cargo and logistics services and an integrated and sophisticated infrastructure with easy access to land and seaports, enabling swift and efficient distribution and delivery of services.

“Dubai CommerCity will enhance the role of e-commerce as a key driver of Dubai’s sustainable economy. DAFZA will apply its leading experiences and services based on comprehensive studies on the future of e-commerce in the MENA region,” said Mohammed Al Zarooni, director general of DAFZA. ✕



↓ Wadi.com has taken its e-com logistics in-house.



transformation strategies, DAFZA said in a statement. Put more simply, it is intended to help e-commerce platforms and their logistics service providers to succeed.

According to Baheej Al Bi-

qawi, CEO, Almajdouie Logistics, access and speed to market is key. “E-commerce is a major opportunity for Almajdouie, given the total volumes of e-commerce goods consumed within the country.

The logistics part is the main component to a successful e-com company, how quick you are in delivering to the market is key, this is what differentiates the different platforms from one another.”



COMMENT

Got something to say?
If you have any industry
comments to make please
e-mail: shaun.ebelthite@itp.com

**KUSHAL
NAHATA**



Four technologies disrupting GCC logistics

Kushal Nahata, co-founder and CEO of FarEye highlights four elastic technologies revolutionising logistics in the region.



The rise of innovative new machines and features such as drones, Artificial Intelligence, GPS tracking, and data-driven logistics, have had a promising effect on the logistics landscape, according to research by FarEye, a global logistics management solutions company.

Supply chains across the Middle East have been revolutionised by new advancements, making logistics services faster, more accurate, and efficient. Below are some trends that FarEye says will have the greatest impact on the logistics industry in the Middle East:

Rise of autonomous logistics and introduction of drones

2018 will be the year where autonomous logistics truly takes off through the use of drones. With automation and mobility forming the support system to survive the competition, drones will drive logistics performance to the next level. Self-driving vehicles and drones have already made their way in the logistics industry, creating new levels of efficiency and performance.

Companies in the Middle East are transforming their delivery process by testing and adopting these options and reducing de-

livery time and costs as much as by 50%. Most recently, Costa Coffee, introduced drone delivery in the UAE to send fresh coffee across Dubai efficiently and successfully. Not only does this technology deliver packages to customers in a shorter period, but also reduces costs, optimizing the entire delivery procedure.

The Internet of Things accelerates connectivity and data-driven logistics

Another trend that has been under the spotlight is the Internet of Things (IoT) and its potential to connect virtually anything to the Internet and propel data-driven logistics. IoT helps in anticipating the demand and studying the data-patterns.

Therefore, companies can use it to predict the demand, plan and align the logistics operations well in advance. IoT brings people together with process, data, and things, creating meaningful experiences.

Companies can adopt big-data algorithms, data-visualization techniques and smarter analytics to boost process efficiency and service quality by shortening the delivery times.

For instance, the UAE health-care system has already made extensive use of IoT. It is mandatory for employers, in Abu Dhabi and UAE, to provide health insurance. The government can track the necessary patient information stored on cloud using various IoT enabled technologies.

Growing demand of responsible logistics

As customers become increasingly conscious of companies that work towards social and environmental challenges, the logistics industry is aiming to reduce its carbon footprint.

One of FarEye's clients, DHL,

launched the "sustainable logistics" challenge in 2016 to ensure sustainability blended with a business-oriented approach.

The challenge invited inventors to come up with a concept design creating sustainable logistics solutions for the future of logistics industry. In order to achieve efficiency and reduce carbon emissions, businesses will take the help of logistics companies for intelligent auto-routing and smarter operations.

Necessity of elastic and anticipatory logistics

The rise of e-commerce and doorstep delivery services in the region has also uplifted the need for elasticity of logistics by anticipating the demand correctly.

In order to handle the ever-changing demand and fluctuating order volumes, logistics companies are making their operations elastic.

Collecting and analyzing data from customer searches, feedback, and online reviews helps logistics companies to anticipate the demand of different products and plan the shipments accordingly. FarEye's logistics management software enables companies to manage and optimize from first mile seller pick-ups to last mile delivery, essentially the entire supply chain.

FarEye's platform allows trouble free dispatching, by allowing companies to schedule jobs, optimize loads, and allocate human resources appropriately to ensure timely delivery. ❏



About the author:

Kushal Nahata is co-founder and CEO of

FarEye, a technology provider for the logistics sector.



COMMENT

Got something to say?
If you have any industry
comments to make please
e-mail: shaun.ebelthite@itp.com

**AAMER
RANA**



Will tomorrow's supply chains be built with blockchain?

Blockchain technology is bringing a whole new meaning to the industry's value chain, says Amer Rana, partner, IBM Global Business Services.



Whether it involves raw materials, manufacturing, or distribution to retailers and customers, the technology is smarter, faster, and is creating a new trust-based digital economy that allows all members of the ecosystem to join new business networks based on accountability and transparency to conduct transactions.

Today, the Middle East blockchain technology market is expected to grow from USD 6.4 million in 2016 to USD 67.6 million in 2021, at a CAGR of 60.1% during the forecast period 2016-2021, according to MarketsandMarkets.

In the largest study to date among C-Suite executives about their perspectives about blockchain, one third of the almost 3,000 executives surveyed are using or considering blockchain in their business, and 100 percent of those surveyed expect blockchain to support their enterprise strategy in some way.

And in a new report, "Tomorrow's Value Chain: How Blockchain Drives Visibility, Trust and Efficiency," IBM talks about

how blockchain technology will affect the value chain for retailers and consumer goods manufacturers.

What is blockchain?

Blockchain is a shared, immutable, online ledger that tracks all kinds of transactions from product codes to serial numbers to contracts, images, videos and more. It establishes a single, trusted version of all transactions to provide visibility from the entire ecosystem of suppliers, distributors, transportation providers, retailers, banks, governmental agencies and ultimately, consumers.

Blockchain technology collects transaction information from any participant, including data from the Internet of Things devices, and provides the available data at any point in time, in real time, to all parties involved. When members of a supply chain network complete transactions for the invoicing process, for example, others in the supply chain can see that they are completed, which results in faster payment for suppliers.

Impact on supply chain

In our digitized world, consumers are demanding accurate, real-time inventory information, faster service and low- or no-cost shipping, which requires a transparent, efficient and agile supply chain. Estimates of disruption and lack of visibility in the supply chain are around \$300 billion globally.

To achieve this rate of speed and agility, companies face pressure to improve demand forecasting, reduce transportation costs, reduce out-of-stocks; and ensure high levels of customer satisfaction.

This approach can only be accomplished by collaboration between all parties. However, in

“Consumers are demanding accurate, real-time inventory information”

traditional supply chains, data about these transactions are still paper-based or use tools such as Excel or e-mail. They often need to be reconciled because of different versions being shared by various parties at different points in time.

As a shared ledger, blockchain allows the retailer, supplier and shipper to work on the same data in a “single version of truth.” As each partner updates the contract, the trusted, real-time data can be used to optimize forecasting and transportation planning.

The paperwork involved in some current processes, such as letters of credit, bill of lading, customs documents and more, are very labor and time intensive to draft and are often never digitized. With blockchain, the digitization and sharing of this documentation provides trust, authenticity, and efficiency. All parties can agree to the rules by which the transactions take place.

In order to get started using blockchain technology, retail and consumer goods companies may want to determine the areas where blockchain technology would be most effective. By starting with focused areas that successfully earn business results, there's an additional opportunity to expand those efforts to collaborate with partners in the organization's and industry's ecosystems. ❏



About the author:

Aamer Rana, partner, IBM
Global Business Services

ON SITE, ON TRACK

S.A. TALKE is leveraging its watertight oil & gas on-site logistics experience as a platform for further growth in 2018.



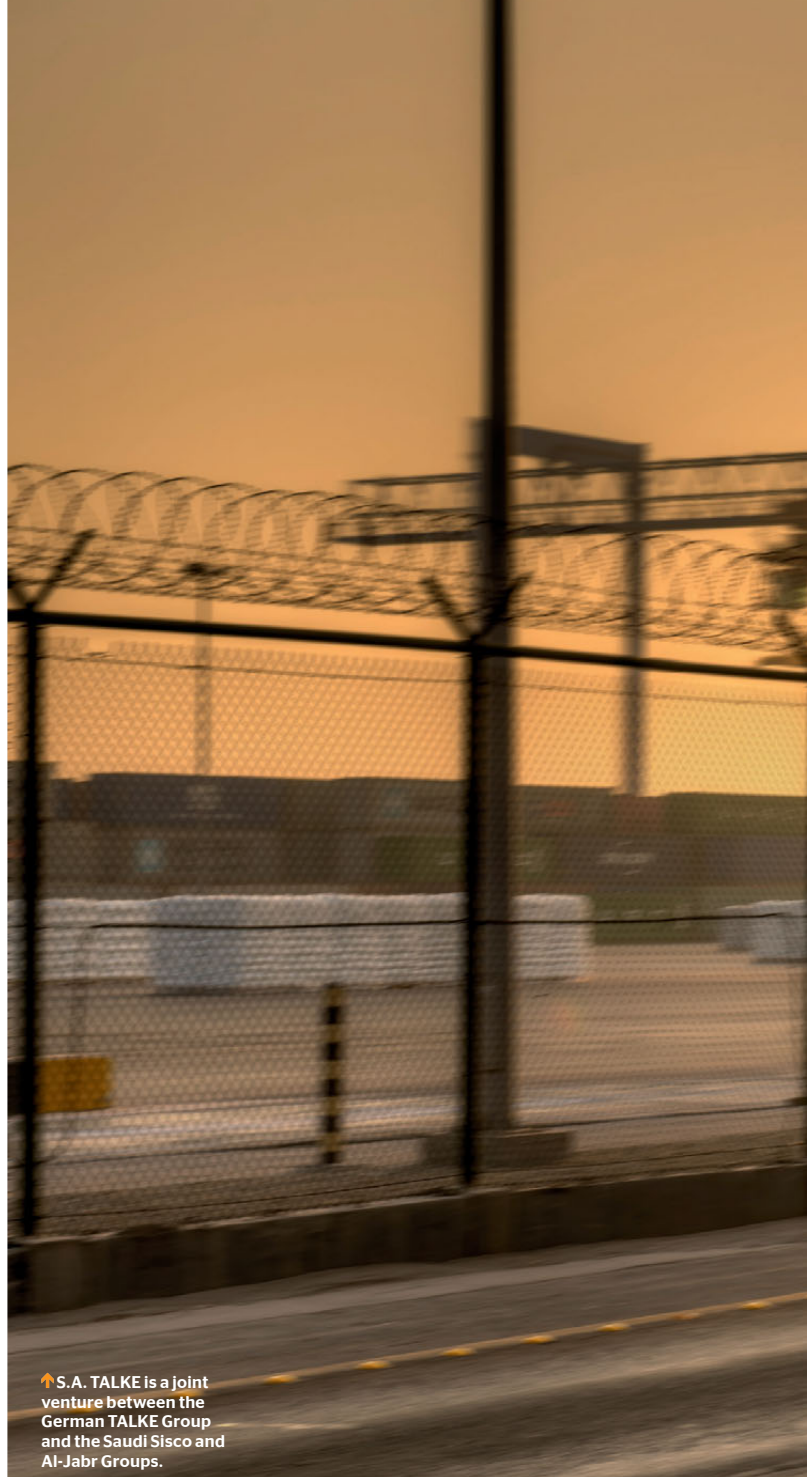
SA. TALKE is one of the most well-known logistics brands in Saudi Arabia, and is globally respected for its highly efficient logistics services for the oil and gas sector. But, the company faces a challenge, while it is famous for oil and gas logistics, its fortunes rest to a large extent on the economic performance of that sector. For this reason, S.A. TALKE wants to diversify, and it plans to do so by leveraging the world-class reputation it has developed in the oil and gas sector.

“We’re looking to diversify our business. Our core business will always be petrochemical, but we also have a strong network that can be adapted for other sectors, the ability to package and transport petrochemicals in an efficient, safe and environmentally friendly way will enable us to be more flexible and bring in additional business in healthcare, food logistics and so on,” says Oliver Klingbeil, managing director of S.A. TALKE. “It’s about combining our core competencies with other market niches.”

S.A. TALKE’s core competence is in on-site logistics opera-



↑ S.A. TALKE is expanding into FMCG.



↑ S.A. TALKE is a joint venture between the German TALKE Group and the Saudi Sisco and Al-Jabr Groups.

WHAT ON-SITE LOGISTICS ENTAILS

“The customer has between six and eight bagging lines and they have the facility where they handle the solid product that needs to be bagged, stored and loaded into the container for export,” explains Oliver Klingbeil, managing director of S.A. TALKE. “So what we bring in is our expertise with a project team that can set up this operation, along with our own equipment and supply chain knowledge. Its best for this relationship to start during the commissioning phase for the plant, so that before we go live we can train our staff for four to six weeks.”





FAST FACT

5M

**S.A. TALKE HAS
ACHIEVED 5 MIL-
LION MAN HOURS
WITHOUT LOST
TIME INJURY.**

tions. As part of their expansion in the Western Region, they were awarded an on-site logistics contract for National Petrochemical Industrial Company (NATPET) in Yanbu, province of Medina, Saudi Arabia. S.A. TALKE will operate on-site logistics for NATPET in Medina's Yanbu industrial city for an initial period of three years. The contract encompasses product handling and warehouse management.

"We are very pleased we could secure S.A. TALKE's support to this production entity," says Jamal Malaikah, president and COO of NATPET.

"By this move we will further enhance our supply chain efficiency and thus our customers' experience of our product and service quality," he added.

With this contract, S.A. TALKE extended the geographical availability of its services from its traditional core area of Al-Jubail industrial city, on Saudi's east coast, to the western province. Speaking about on-site logistics operations broadly, Klingbeil says that it is just one of the services

in the company's portfolio.

"In on-site operation we manage the plant for the client with our own manpower and equipment, that's usually a 24/7 operation throughout the year. Then we have our own off-site logistics operations of course, we have a silo farm and also dedicated warehousing where we handle the product," he explains. "We also do consultancy,

"THE SAUDISATION OF THE WORKFORCE IS HELPING BECAUSE THERE IS LESS REGULATORY ISSUES REGARDING VISAS AND WORK PERMITS. IN OUR OWN ORGANISATION WE ARE SPENDING A LOT OF TIME TRAINING SAUDI NATIONALS,"

OLIVER KLINGBEIL, MANAGING DIRECTOR OF SA TALKE



↑ Klingbeil has grown the company to more than 1,500 people.

because we've seen a lot of these big players deciding to build a major new plant, but building the facility is just one aspect of the business, operating it and getting all the logistics right can be tricky if it's not your core competency."

For some clients, such as Saudi Chevron Phillips Company, S.A. TALKE was also involved in the actual design and development of the distribution centre. "Clients come to us because sometimes a plant may look good on paper but safety and security issues come into play that they hadn't expected. So we help the client to refine the plans and make it so that they can go live without any last minute issues," says Klingbeil.

S.A. TALKE likes to be involved right from the start in this way, because it ensures the most efficient relationship between itself and the client. "We share our success with our client and we're highly integrated with our customers, they're a part of

"WE'RE A WELL-KNOWN NAME IN THE MARKET AND ALL THESE CLIENTS TALK TO EACH OTHER AND ASK ABOUT THE PARTNERS THEY'RE USING. SO THIS BRINGS US AN ADDITIONAL REPUTATION THAT SHOWS WE KNOW WHAT WE'RE DOING AND DELIVER ON WHAT WE PROMISE,"

OLIVER KLINGBEIL, MANAGING DIRECTOR OF SA TALKE

our operation, it's not just a business arrangement, it's a true partnership," he says. For the same reason, efficiency, a word that came up dozens of times during our interview, S.A. TALKE also does most operations in-house. "In addition to storage and handling we have a dedicated transport division, because the product

has to be temperate controlled throughout the supply chain and transported very carefully," says Klingbeil. "If we do use sub-contractors we remain the single point of contact for the client."

As a company with 70-years of history in oil and gas logistics, and a 5-million man hours without LTI (Lost

S.A TALKE GROWTH

When Oliver Klingbeil, managing director of S.A. TALKE joined the company seven years ago he took over an operation involving 270 employees. "When you look at today's numbers we have 11 different projects ongoing and more than 1,500 employees which we plan to increase in the coming year or so," he says. "In the last year we've handled 7.5-million tons of material in solid and liquids and in 2018 we'll increase this to around 8.4-million tons." In Saudi Arabia S.A. TALKE has a warehouse in Jubail, but is also expanding into the Western Region. "We have contracts with NATPET and Petro Rabigh (Phase II) where we manage their on-site operations there."



Time Injury), S.A. TALKE is a company in high demand, especially since the oil price pulled the rug out from beneath the sector. “There are always pros and cons to this. For us we have regular KPI meetings where we show very clear productivity and efficiency for the client, this includes reduced damages, reduced overtime, reduced downtime, it shows the client that working with us was the right decision,” says Klingbeil.

Uptime is extremely important to the manufactures

of chemical and petrochemical products and S.A. TALKE is now offering maintenance contracts to improve plant efficiency. “New in our portfolio is the provision of maintenance contracts, so spare parts handling for the customers equipment, and of course monitoring all equipment on the facility. We’re doing this to help ensure the client has an uptime of at least 98%,” explains Klingbeil.

“We’re the experts in this business and what we

“BY WORKING WITH SA TALKE WE WILL FURTHER ENHANCE OUR SUPPLY CHAIN EFFICIENCY AND THUS OUR CUSTOMERS’ EXPERIENCE OF OUR PRODUCT AND SERVICE QUALITY,”

JAMAL MALAIKAH, PRESIDENT AND COO OF NATPET



have seen is that customers in the past have done this job in-house and have faced difficulties because they don’t have the same logistics and supply chain expertise as us. We’ve been doing this for 70 years in this sector, so we have all the resources and the knowledge in various departments to make things happen efficiently and safely. So we save the customer money,” he adds.

Savings in the day-to-day operation is also extremely important in the current market. “We’re looking more to automation now to combine it with control tower management where we as a logistics service provider offer an additional service to manage their entire supply chain from A to Z,” says Klingbeil. It goes back to core competencies, with low oil prices, the oil majors need to focus on selling the product, while S.A. TALKE can leverage its experience to manage the entire supply chain, from transport, storage and shipping to procurement. “We can do this with our own resources with our SAP application that can be linked to all the different parts of the supply chain and the client can focus on selling the product, while we’ll be the single point of contact,” says Klingbeil.

Another factor that leads oil companies to turn to S.A. TALKE is the unique business environment in the country. “We’ve become bigger and bigger and acquired a vast amount of experience, especially as Saudi is an emerging market, this can make the logistics and regulatory environment challenging, so we’ve learnt how to navigate this because of the team we have. The teams know how to ensure that the job gets done, whatever the job may be,” adds Klingbeil. ☒



5 REASONS TO NOMINATE

The Logistics Middle East Awards are the biggest awards ceremony for logistics in the region, it's an opportunity to shine you just cant miss.

With the Logistics Middle East Awards due to be held in April next year, you may be thinking that you can start preparing your nomination later, that there's no real benefit, or that the competition is just too great, to bother nominating in the Logistics Middle East Awards.

However, you should consider the following five reasons to nominate, while also keeping in mind that the earlier you prepare your nomination, the better your chances of winning.

The Logistics Middle East Awards provide you and your team with a range of benefits, including improved brand awareness and greater

scope for PR opportunities (finalists are generally covered in the magazine) to name but a few.

If you have a proven success or an innovation you and your team are proud of, it makes sense to let the industry know and position your company as an industry leader.

1 ATTRACT NEW BUSINESS

Winners are guaranteed

coverage in the magazine and online, and while the benefits of this additional PR are self-evident, the recognition your company receives as a leader in its field will elevate your above the competition in the minds of potential clients.

2 DEMONSTRATE INDUSTRY LEADERSHIP

Winning an award in the



logistics industry's largest event of its kind gives you something to announce, and also demonstrates your expertise in the field. By winning an award, you're showing that the work you're doing is of exceptional quality.

3 NETWORKING

By attending the Logistics Middle East Awards you'll be

rubbing shoulders with top executives and decision makers in the industry, and if you have nominated in a given category it creates a talking point and an opportunity to leverage your leadership in your field.

4 MOTIVATE EMPLOYEES

Every logistics executives this magazine has ever inter-

viewed has pointed out that the people at the organisation are what makes it great and by nomination in the awards you create something that your employees can rally around and shows you appreciate their effort.

5 ANALYSE YOUR WORK

Putting together an entry gives you the opportunity to take a step back and analyse the work you've done and the processes you have in place. Even if you don't win, you'll be able to judge your entry against the value that the judges saw in the winning entry. This can lead to improvements, and improvements equal results.✕



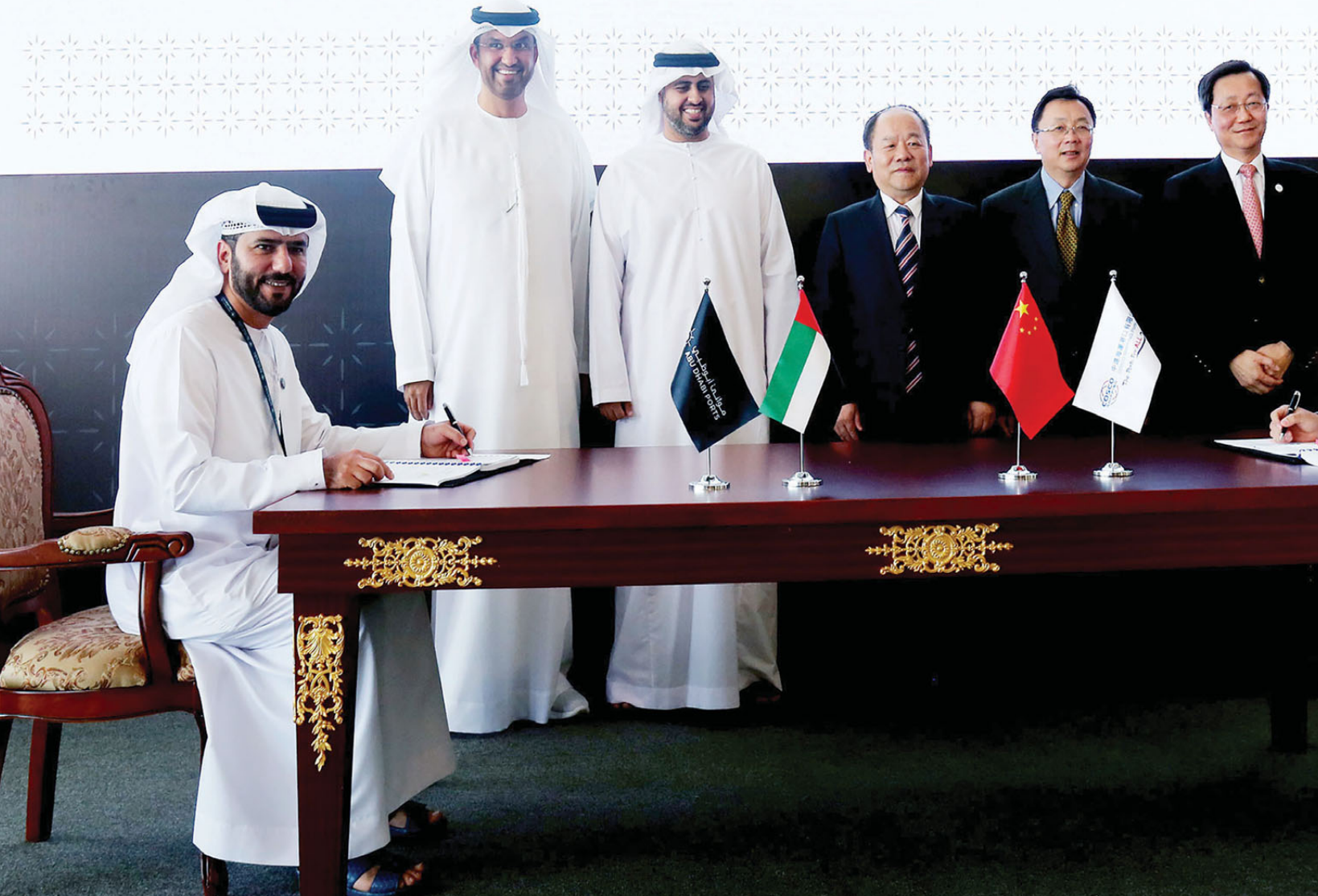
موانئ أبوظبي
ABU DHABI PORTS



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The Ports For ALL

LOOKING EAST



Abu Dhabi Ports bets on China for leverage in an increasingly competitive GCC port operations sector.

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暨中远海运港口阿布扎比场
阿布扎比港务局 中远

GROUND-BREAKING CEREMONY
NEW CONTAINER FREIGHT STATION AGREEMENT
BETWEEN
ABU DHABI PORTS
COSCO SHIPPING PORTS LTD

2017年11月5日 5 NOVEMBER



↑ Mohamed Juma Al Shamisi, CEO of Abu Dhabi Ports and Zhang Wei, vice chairman and managing director of COSCO Shipping Ports Limited sign agreement to establish COSCO freight terminal at Port Khalifa.

Toward the end of 2017, Abu Dhabi Ports has made two major announcements regarding its plans for giving Port Khalifa a solid growth plan going into the new year. The first was the confirmation of an agreement with COSCO for the Chinese shipping company to shift its primary hub of Middle East operations from Jebel Ali Port to Port Khalifa.

The move will be made as part of the shipping giant's plans to develop a huge container freight terminal at the port.

Abu Dhabi Ports and COSCO Shipping Ports Limited (CSP) held a ground-breaking ceremony for the CSP Abu Dhabi Container Terminal at Port Khalifa in November, marking the start of the shipping giant's plan to expand Port Khalifa's annual container handling capacity by 3.5-million TEU.

A new agreement between CSP, the world's leading ports operator, and Abu Dhabi Ports was also signed during the ceremony for development of the largest container freight station in the region.

The new Container Freight Station will provide Abu Dhabi trade with a state of the art facility offering bonded LCL/FCL consolidation and de-consolidation services, cross stuffing, cargo weight reduction, short term warehousing for de-consolidated cargo as well as easy connectivity with the container terminals in Khalifa Port.

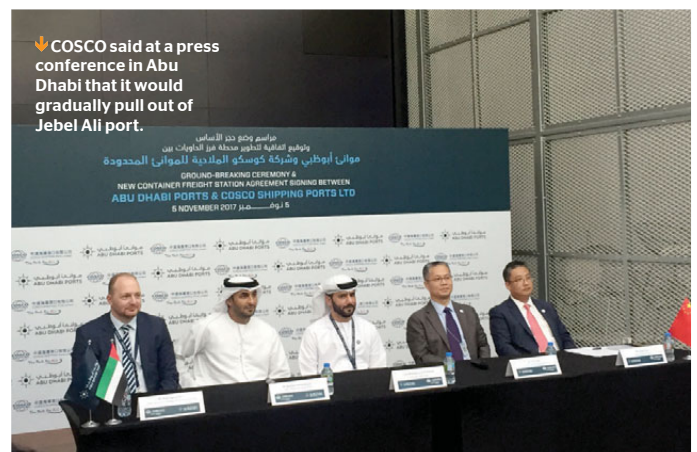
"Khalifa Port is one of the fastest growing ports and an important gateway port in the region, with huge potential and prospect. COSCO SHIPPING Ports is marching another step forward in the port development project with Abu Dhabi Ports," said Ning Jizhe, deputy director of China's National Development and Reform Commission (NDRC), which is providing a significant portion of the funding for the project.

Zhang Wei, vice chairman and managing director of COSCO Shipping Ports Limited said during the event that although the growth prospects for Port Khalifa are promising, the vast majority of container traffic for the new terminal will come from COSCO's transshipment operations in the region.

"There are two types of port, transshipment ports and gateway ports," he said during a news conference. "COSCO will use Port Khalifa as a transshipment hub, and possibly as a gateway port in the future, but such plans must be undertaken carefully because the GCC ports infrastructure faces overcapacity."

When asked if COSCO planned to move its freight operations from Jebel Ali Port to Port Khalifa, in order to funnel traffic into the new development, he said that it would happen gradually over the course of up to 24 months.

COSCO Shipping is part of the Ocean Alliance, which includes





↑ COSCO is in the process of merging with OOCL to become the third largest shipping line in the world.

CMA CGM, Evergreen and OOCL, which is currently in the process of merging with COSCO. The alliance accounts for around 3-million TEU of the entire freight throughout in the UAE, the vast majority of it currently through Jebel Ali Port.

An official at Jebel Ali Port, who asked not to be named, said COSCO's freight operations in Jebel Ali currently account for around 5% of the total annual turnover at the port.

Captain Mohamed Juma Al Shamisi, CEO of Abu Dhabi Ports praised COSCO Shipping Ports on their decision to take Khalifa Port as a hub for their operations in the region.

"This marks a significant leap in the expansion of the Port, transfer of goods and reduction of costs. In addition to attracting investors from Eastern Asia, it will increase Khalifa Ports' competitiveness and ease the way for more partnerships with companies and friends in China and East Asia, which will draw further investments into Abu Dhabi," he said.

Under the agreement, COSCO Shipping Ports will operate the new 18m deep, 1.8km long Khalifa Port Container Terminal 2 as part of a joint venture with Abu Dhabi Ports called COSCO Shipping Ports Limited – Abu Dhabi (CSPL SPV), which will be a wholly-owned subsidiary of COSCO Shipping Ports Limited.

“WHAT IS HAPPENING NOW IN OCEAN FREIGHT IS A SEA CHANGE. THROUGH ALLIANCES THE SHIPPING LINES ARE ALSO CHANGING THE ROUTES OF WORLD TRADE”

MAHMOOD AL BASTAKI, CEO, DUBAI TRADE

The first 800 metres of the quay length (and the corresponding Concession Area) is expected to commence operations in the first half of 2018 while the remaining 400 me-

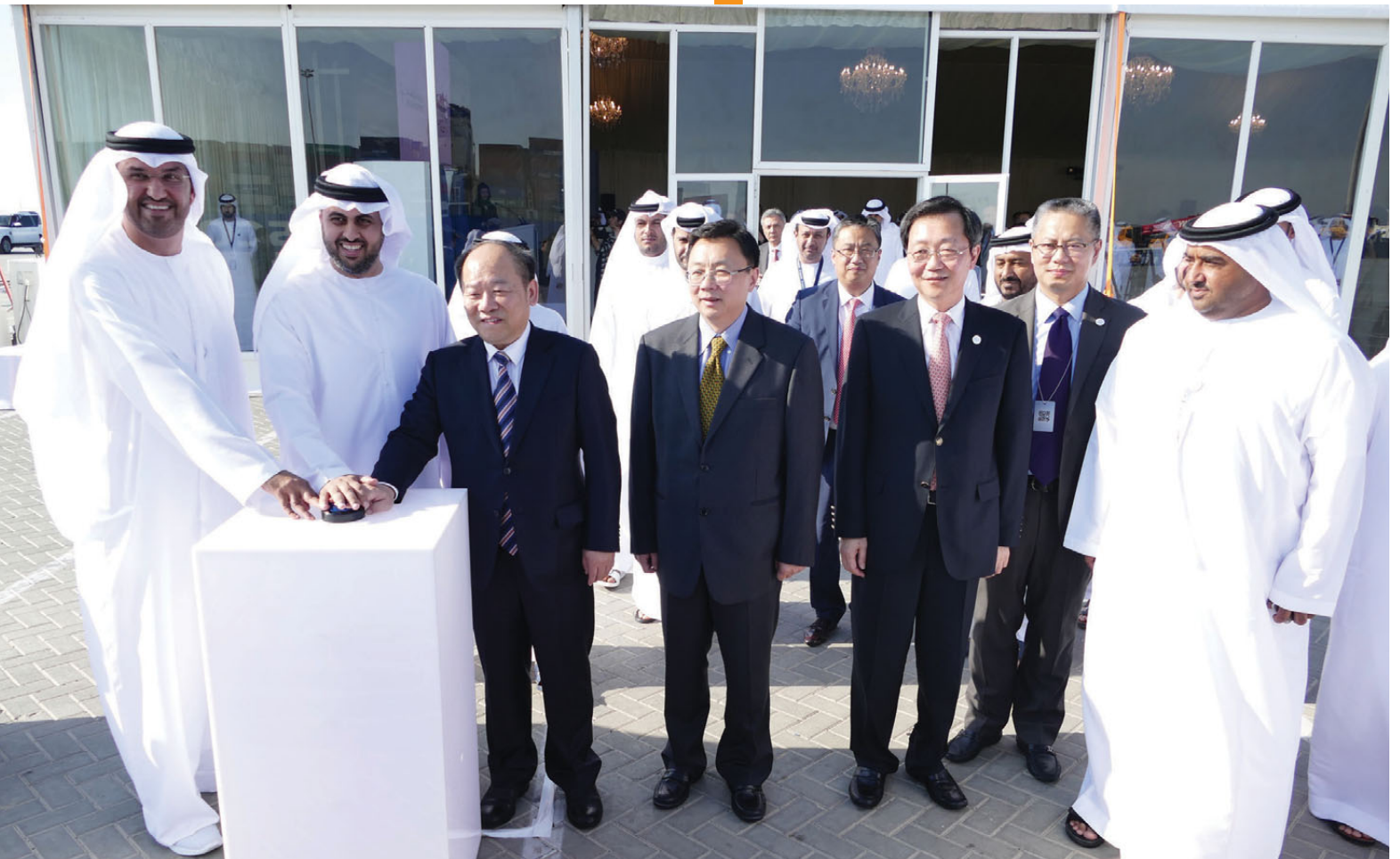
tres (and the corresponding expanded Concession Area) is expected to commence operations in 2020.

Once the expansion areas are occupied, the Conces-

COSCO AND OOCL

Merged shipping lines COSCO and OOCL will be third largest in the world and spur further consolidation in global shipping. The Chinese shipping giant in July filed papers with the Hong Kong Stock Exchange announcing its intention to buy a 90.1% majority stake in Orient Overseas Container Lines' (OOCL) parent company Orient Overseas International Limited (OOIL). The Shanghai Port Group would buy the remaining 9.9% of shares at a 37.8% premium. While OOCL's shareholders

appear ready to accept the deal, it still needs to clear regulatory approvals in China, the U.S. and the European Union. If those approvals are given, COSCO-OOCL will become the third largest shipping company in the world (Maersk Line and MSC are the largest and second-largest), and will control more than 3-million TEU of trade into the Middle East annually. The new company would control 11.6% of global container capacity, although OOCL will continue to operate as an independent brand.



sion Area will span an area of approximately 70 hectares with 3 berths, which will add 2.4 million TEU a year to the port's existing capacity of 2.5 million TEU.

The 35-year agreement includes the option for a further 600 metre of quay length in the future to allow for anticipated volume growth, the nominal annual handling capacity will increase to 3.5 million TEU when all phases are complete, creating a new overall annual capacity of up to 6 million TEU.

"The signing of the concession agreement between Abu Dhabi Ports Company and

COSCO Shipping Ports Limited will significantly expand trade between China, the UAE and the broader region," said Dr. Sultan Ahmed Al Jaber, UAE minister of state and chairman of ADPC. "It will greatly enhance the UAE and Abu Dhabi's role as a key logistics and trading hub, between East and West and will also serve to further diversify the UAE's dynamic and growing economy."

"With the development of China's "One Belt One Road" strategy, there is

boundless potential for expanding the UAE-China relationship further. We look forward to closer collaboration with China and to creating even greater economic progress for both our nations in the years ahead," added Dr Al Jaber.

Wan Min, president of China COSCO Shipping Corporation Limited, said Abu Dhabi's Khalifa Port is a strategic hub along the 'One Belt One Road', with significant geographical advantage for the development of terminal and logistics businesses

"Khalifa Port Container Terminal 2 will be the second overseas terminal in which COSCO Shipping Ports holds the controlling interest," he added. "With the strong support from the large container shipping fleet of COSCO Shipping Group, COSCO Shipping Ports will dedicate its efforts to develop Khalifa Port Container Terminal 2 as a hub of the Upper Gulf region in the Middle East for international container shipping liners."

These developments will give Port Khalifa and the adjacent KIZAD free zone a solid footing for growth in the coming years as it increasingly competes with Jebel Ali Port and JAFZA. While Zhang Wei, vice chairman and managing director of COSCO Shipping Ports Limited, said during a media event that the port would be a transshipment hub for the wider region initially, he also added that he expects the deal to draw some Chinese firms away from JAFZA and to KIZAD instead.

In October, Dr. Naser Al-Tamimi, a UK-based Middle East researcher, political analyst and commentator and author, warned that the current political tensions within the GCC could negatively impact the ports sector. In a commentary for Arab News, Dr. Naser said that with 37 major and minor ports across the GCC, and just ten ports accounting for 95% of all cargo traffic, there is a real risk that investment in greenfield and port expansion pro-

“COMPETITION AMONG PORTS IN GULF COOPERATION COUNCIL (GCC) COUNTRIES IS EXPECTED TO HEAT UP AS OPERATORS CHASE LARGER SHARES OF THE REGION'S GROWING LOGISTICS SECTOR.”

DR. NASER AL-TAMIMI, MIDDLE EAST RESEARCHER AND POLITICAL ANALYST.



↑ Port Khalifa is one of the fastest growing in the world.

jects could take traffic away from existing logistics strongholds.

“Competition among ports in Gulf Cooperation Council (GCC) countries is expected to heat up as operators chase larger shares of the region’s growing logistics sector. Some estimates project that total GCC port throughput will grow to 35-million twenty-foot equivalent unit (TEUs) by 2020, with more than \$36 billion of investments committed for greenfield schemes and port expansions,” explains Dr Naser.

“If that outlook coincides with the continuation of the Gulf crisis, it is logical to expect the negative repercussions to spill over to the ports sector. Indeed, without cooperation among GCC states to reduce risks, several Gulf ports may be subject to overcapacity and considerable pressure in the medium to long term.”

MORE THAN JUST COSCO

The expansion of the quay wall and the new concession agreement with COSCO is part of the broader developments at the Khalifa Port, which include a new terminal booking, tracking and transaction system for sea and land based users,

advanced RoRo facilities, new liner calls, the development of a regional liner hub and transshipment business to South Asia, as well as the addition of approximately 14.5 million square metres now leased in the adjacent Khalifa Industrial Zone (KIZAD).

“THIS MARKS A SIGNIFICANT LEAP IN THE EXPANSION OF THE PORT, TRANSFER OF GOODS AND REDUCTION OF COSTS. IN ADDITION TO ATTRACTING INVESTORS FROM EASTERN ASIA, IT WILL INCREASE KHALIFA PORTS’ COMPETITIVENESS AND EASE THE WAY FOR MORE PARTNERSHIPS WITH COMPANIES AND FRIENDS IN CHINA AND EAST ASIA.”

CAPTAIN MOHAMED JUMA AL SHAMISI, CEO OF ABU DHABI PORTS.

While securing Port Khalifa’s growth for the rest of the decade, the deal does appear to be an example of the risk to which Dr. Naser was referring. While he did not mention the Abu Dhabi Ports-COSCO deal specifically, Mahmood Al Bastaki, CEO, Dubai Trade, mentioned this topic during his keynote address at the Leaders in Logistics Conference 2017 in November.

“What is happening now in ocean freight is a sea change and as players in the logistics market we need to think about

how this will impact us,” he told delegates. “The new alliances are affecting ports, some are getting more port calls, others are losing out, this affects the end-user in the planning of your supply chain. Through alliances the shipping lines are also changing the routes of world trade.”

With Abu Dhabi Ports’ Port Khalifa now set to be a key link in China’s ‘One Belt One Road Initiative’, these are interesting times for the GCC logistics industry. ✕

DHL SECURES GCC NETWORK

DHL Express has opened the doors to its newly expanded US \$18-million facility at Terminal 2 in DXB.

DHL's newly redeveloped facility at Dubai Airport Terminal 2 will significantly increase the capacity of shipments managed every hour and strengthen DHL's regional hub operations from Dubai.

The 13,100 sqm facility, which is located in the Cargo Terminal at DXB, will have the capacity to manage up to 5,000 shipments per hour. That will double its current capacity of 2,500 and serve nearly 70,000 customers across the Middle East and North Africa (MENA) region.

"The expansion of our facility at Terminal 2 in Dubai is the latest investment by DHL to support economic growth in the country and wider region by facilitating global trade to and from our growing hub in the UAE," said Ken Allen, member of the Board of Management Deutsche Post AG, division express. "We are confident that the new facility will be able to adequately meet increasing demand for faster shipment deliveries, especially with the boom in eCommerce in region."

Nour Suliman, CEO of DHL Express MENA added: "We continue to see sustained growth in the Middle East region, which is why we are strengthening our regional hub in Dubai and successfully increasing capacity. The new state-of-the-art facility incorporates the very latest technology that ensures we can sort and ship over 120,000 shipments a day. DHL is continuing to set new standards for the logistics industry across the region and we will continue to work closely with our key partners and customs officials to ensure that our customers in the UAE receive the highest levels of service."

"Dubai Airports' partnership with DHL goes back many years, and we are delighted with their continued investment in people, infrastructure and systems. This confidence is testament to Dubai's global position as a well-positioned aviation and logistics hub, and highlights the significance of Dubai International's key role as a gateway to the Emirate and the region," said Eugene Barry, executive vice president of Dubai Airports Commercial Group.

The new facility will enable consolidated export, transit and import operations with a customs' clearance and hold area that will feed inter-continental and region-wide air-and land-network distribution. An automated conveyor system with dual-view x-ray screening of parcels, image-capture technology and an automatic bar-code parcel sorting system will enable the delivery of more than 120,000 shipments a day.

DHL currently has more than 200 service centres and service points across 19 countries in the region and employs over 5,100 employees across the Middle East.

Through its innovation, service excellence and commitment, DHL continues to offer customers superior and market-leading logistics solutions. Between 2015 and 2019 DHL Express will have invested nearly US\$200 million into the MENA region, as well as having updated 12 of its major facilities. ☒



↓ The newly expanded facility can now handle 5,000 packages per hour.





SAUDI ARABIA'S BIG LOGISTICS PLAY

Saudi Arabia is wasting no time in diversifying its economy away from oil – embarking on an ambitious path to become the go-to logistics hub for the region.

Saudi Arabia's Vision 2030 was launched in April 2016. A key pillar of the plan is transforming the country into the go-to logistics hub for the region, capable of efficiently linking trade across three continents: Asia, Europe, and Africa. Today, some 18 months into the Vision, the path forward is taking shape. Import and export processes are being streamlined. Governance structures and regulations are being reformed, opening a path toward market liberalization and private-sector participation. In addition, public-private partnerships are helping finance the infrastructure and bringing in capabilities from the top logistics markets. By 2030, Saudi Arabia expects to be among the foremost logistics hubs in the region.

Saudi Arabia's determination to become a leading logistics hub is grounded in its economic weight and privileged geographic location. KSA is the largest economy in the Arabian Peninsula, Levant, and Iraq region—accounting for 38 percent of GDP and 21 percent of the population. Its central location is optimal for distribution to the Arabian Peninsula, the Levant, and East Africa, and the country resides directly on the Asia-to-Europe trade route, through which 12 percent of container trade moves annually (see figure 1).

Saudi Arabia aims to leverage these strategic advantages and become the most agile and cost-efficient alternative for distribution to the Arabian Peninsula, Iraq, Levant and East Africa, while advancing the quality of logistics services, infrastructure, and traceability to world-class levels. Figure 2 highlights where Saudi Arabia ranks on the World Bank's Logistics Performance Index (LPI) and where the country must rank to reach its goals.

KSA's Strategy and Early Wins

To reach its vision of becoming a logistics hub, the Kingdom launched a nine-point strategy for transforming its logistics sector (see figure 3).

→ Saudi Arabia's central location makes it an ideal platform for distribution to the wider GCC.



FAST FACT
2.2
AVERAGE DECLARATION CLEARANCE TIME AT SEAPORTS HAS BEEN CUT IN HALF TO JUST 2.2 DAYS.

Imports and exports. KSA has managed to reduce the time, cost and variability of importing goods through process re-engineering and automation. Average declaration clearance time at seaports has been cut in half to just 2.2 days and at airports to just 1.2 days, and the amount of import-export paperwork to fill out is down by 75 percent (see figure 4).

The predictability and reliability of the clearance process has also significantly improved, with 40 percent of customs declarations in seaports now cleared within 24 hours and 70 percent within 48 hours. These results have been achieved by enabling declaration submission prior to arrival, digitizing declaration processing, increasing Customs operating hours to 24/7, reducing the level of manual inspection through enhanced risk management, and enhancing the collaboration and integration among all government institutions involved in the import/export process.

Digital transformation. Technology is improving the security,

transparency, and control over the import-export process in KSA. Today, importers track the status and progress of their shipments in real time. Customs brokers receive automated notifications on their mobiles about the status of their shipments and are prompted to create their declarations as soon as the shipping manifest is available online, i.e., prior to ship arrival. KSA recently launched a port community system to guarantee secure and efficient exchange of information among all parties involved in the import/export process, covering vessel operations, terminal operations, digital payment and truck management, among other aspects. A similar community system is now being developed for the airports.

Transportation and infrastructure. Saudi Arabia has introduced a new integrated transportation infrastructure master plan to improve the quality, safety, and efficiency of its transport. The plan calls for development of several major assets, including the Saudi Land bridge railway to connect the east and west coasts of Saudi, and two new rail corridors, the GCC Railway Mainline in the east and Yanbu-Jeddah railway in the west (passing through King Abdullah Port and King Abdullah Economic City). Next on the agenda could be construction of new multi-modal logistics terminals to fill the growing demand for sea-to-air and rail-to-road connectivity.

Air cargo. KSA is rapidly modernizing its airports and expanding its air cargo facilities to eliminate infrastructure bottlenecks. The objective is to increase total air cargo capacity in the Kingdom from 0.8 million tons/year today to 6 million tons/year in 2030.

Regulations. If KSA hopes to attract more competition and private sector participants, then regulations must meet international standards. It won't be long before the customs broker profession

FIGURE 1
Location, GDP and population (2015)

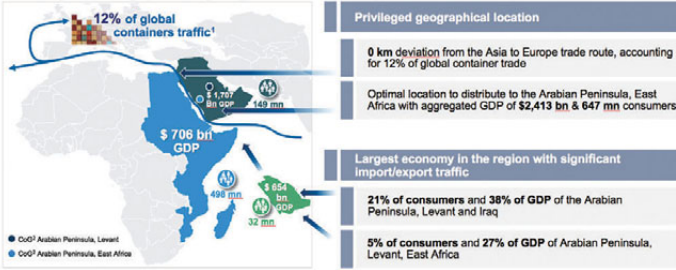
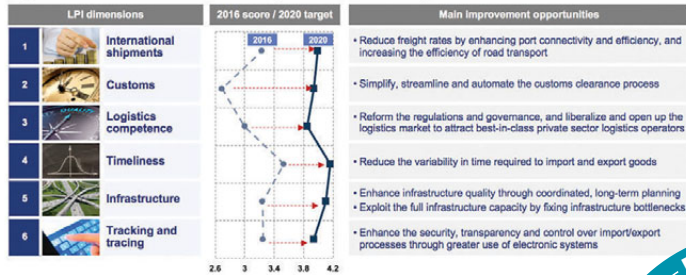


FIGURE 2
Logistics Performance Index: Baseline position and 2020 targets



opens up to industry and logistics players—triggering a move toward professionalism and consolidation. Licenses for road transport providers and warehouse operators are under review in an effort to improve efficiency, quality, and safety standards.

Seaports. Efforts are underway to improve seaport efficiency and service quality through increased port specialization, governance reforms, and updated concession frameworks. The recently established port regulator Mawani is leading the efforts for corporatizing and privatizing the port sector. It is revising the concession frameworks to make them more transparent, fair, and attractive to international terminal operators (many of which

are already well established in the Kingdom), as well as to the growing domestic operators.

Rail sector. The rail sector is going through similar reforms. Last year, railway regulation was set apart from railway ownership and assigned to an independent regulator (the Public Transport Authority – Railway Sector). The government is consolidating all railway operations and planning to award operations and maintenance contracts for passenger and freight services to reputable international operators. In the future, new railway infrastructure could be financed through PPPs.

Private sector. The Kingdom recently awarded a 20-year contract to Singapore’s Changi Airport Group to handle operations at the new King Abdulaziz International Airport (KAIA) in Jeddah. Similarly, SATS, Singapore’s biggest ground handler, will develop and operate a new cargo terminal at King Fahd International Airport (KFIA) in Dammam. Similar schemes to

increase private sector participation are being considered for the King Khalid International Airport in Riyadh.

Special economic zones. KSA aims to reduce the costs and barriers to setting up a business, nurturing trade, and attracting foreign direct investment. Plans are in place to develop several new special economic zones offering streamlined business setup procedures, attractive taxation policies, customs-bonded areas, and efficient transport connectivity.

All Eyes on the Prize
KSA’s large economy and central location provide the country with a unique advantage to become an important regional logistics hub. However, because size and setting alone are not enough, the Kingdom has embarked on an ambitious logistics improvement program, encompassing process streamlining, infrastructure enhancement, governance and regulatory reforms, and market liberalization and privatization. Early wins have already been recorded, including shorter and more predictable clearance process, capacity expansions at key transport assets, and several concession contracts awarded to private sector operators. KSA will not stop here. As its big logistics play gains strength, all eyes will remain on the prize. ☒

FAST FACT

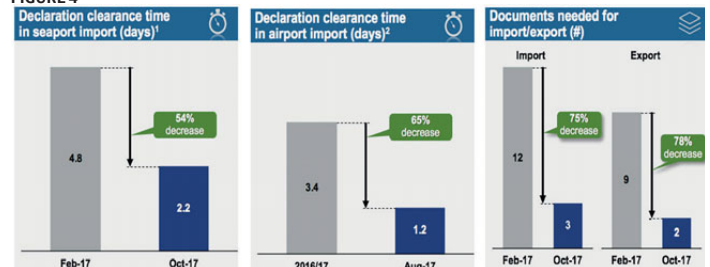
75%

SAUDI ARABIA HAS REDUCED THE AMOUNT OF PAPERWORK FOR IMPORT AND EXPORT BY 75%.

FIGURE 3
Projects overview

Initiative	Objective
1. Import/export process streamlining	• Reduce the time, cost and variability of importing/exporting goods, through process reengineering and automation
2. Electronic system adoption	• Enhance the security, transparency and control over import/export, through greater use of electronic systems
3. Integrated transport infrastructure masterplan	• Enhance the quality, safety and efficiency of the transport infrastructure, through coordinated, long-term master planning
4. Air cargo capacity enhancement	• Resolve current infrastructure bottlenecks, by expanding air cargo capacity in major international airports
5. Logistics regulations improvement	• Facilitate increased competition and private sector participation, by updating current regulations to international standards
6. Port sector reform	• Enhance sea mode efficiency and service quality, through increased port specialization and reformed governance and concession frameworks
7. Rail sector transformation	• Enhance rail mode efficiency and service quality, through governance reform and railway restructuring and privatization
8. Air cargo liberalization	• Enhance the efficiency and service quality of air cargo transport, through increased liberalization and private sector participation
9. Special economic zones development	• Increase and facilitate trade by establishing new special economic zones

FIGURE 4





'LEADERS' CONFERENCE SEES BEST YEAR YET

Logistics Middle East's 'Leaders in Logistics 2017' saw its largest audience this year, thanks in large part to a renewed focus on networking and a revamped approach to the panels.



The Leaders in Logistics conference program has been running for eight years now, led by ITP's director of conferences, Louby Maktari, and has grown exponentially in prominence and though-leadership within the industry. In 2017, the conference saw one of its largest audiences in recent memory, thanks in large part to Maktari's focus on bringing in more end-users from the big name brands and allowing more time for networking amongst delegates.

"The Leaders in Logistics Summit is simply the best logistics conference in Dubai. For many years now it's been my favourite," says Katharina Albert, managing director, Kat Logics. "I loved the new concept that gave plenty of time for networking with peers."

Rupesh Sanischara, supply chain manager, EMEA, Tata Steel International, echoed these sentiments, adding that the event "forms a base for learning and sharing as well as networking". Networking came up repeatedly in our interviews with attendees at the event. Brian Cartwright, founder and managing director of Top Resources Group, said the event featured "highly informative speakers, panellists and topics, and a good balance was struck between the time allocated for presentations and panel discussions vs time set aside for networking."

KEY QUOTES FROM THE DAY

"We need to keep changing, if we don't continue to evolve and adapt, we will become irrelevant," *Mahmood Al Bastaki, CEO of Dubai Trade*

"What we saw in the oil price was a supply driven price drop rather than a demand driven drop, so next year we see the oil prices stabilizing and this will support the growth in the transport and logistics sectors," *Gopal R, global vice president, transportation and logistics practice, Frost & Sullivan*

"One of the largest challenges we have in aligning our goals with those of the last mile fulfilment partner. Although there are 130 providers there are only two types of solution," *Leena Khalil, co-founder and partner, Mumzworld.com*

"What we prioritise is not what our partners prioritise. We do cash on delivery, which leads to a lot of returns, and our partners weren't interested in doing delivery, we'd get complaints about our partners not delivering on time, and so we decided to take the last mile in-house and handle it ourselves," *Kanwal Sarfaraz, co-founder, Wadi.com*

"The cost of failure in a humanitarian supply chain is a lost life rather than a lost customer," *Karl Mason, international business development director, Tristar*

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Mahmood Al Bastaki, CEO of Dubai Trade

"Well done ITP!" he added. Though in actual fact all credit must go to ITP's conference events team. Louby Maktari and Natasha Cristi, the operations manager for ITP's business events, were at the heart of all the planning and execution of the event and it's because of them that delegates such as Guillaume Akbaraly, head of supply chain, Globalpharma - Sanofi Company, were "impressed by the attendance which composed by a high level of Supply Chain professionals. I would definitely recommend the summit to all supply chain professionals."

This year's agenda featured an e-commerce panel for the first time, a panel discussion on humanitarian logistics and a roundtable on what end-users such as Johnson & Johnson, PwC and Fawaz Alhokair Group look for in a 3PL partner. Mahmood Al Bastaki, CEO of Dubai Trade, gave the keynote address, during which he urged delegates to embrace the "sea change" occurring in logistics.

"What is happening in ocean freight today mirrors what happened to the IT sector twenty years ago, there was immense



consolidation and only the big players, the Oracles, Microsofts and Apples stayed,” he said. “They bought everyone else, integrating the aspects they liked into their own business. What is happening now in ocean freight is a sea change and as players in the logistics market we need to think about how this will impact us.”

For the first time ever in the regional logistics scene, Logistics Middle East was able to shine a light on the crucially important role played by the UAE in the global humanitarian logistics network. Guiseppe Saba, CEO of Dubai International Humanitarian City spoke about the role Dubai plays in responding to emergencies all over the world, while representatives from the United Nations, WHO, DHL and Tristar made up one of the largest panels ever at the Leaders in Logistics conference.

Underscoring the importance of these operations out of the IHC, Karl Mason, international business development director at Tristar pointed out that “the cost of failure in a humanitarian supply chain is a lost life rather than a lost customer”.





In our News Analysis on page 16, we discuss the impact that China's One Belt, One Road initiative is having on Port Khalifa's growth plans and Marcus Meissner, managing partner, Middle East & Africa at Camelot Management Consultants, discussed the regional impact more broadly. Tariq Selah, network manager, Middle East & Africa corporate air & sea at Gebrüder Weiss Cargo said this presentation was especially interesting because "Camelot are specialized in supply chain".

Food security was another hot topic, covered by Mark Geilenkirchen, CEO of SOHAR Port & Freezone, which was one of the early moves in the recent drive by free zones to enhance their food logistics capabilities. Geilenkirchen spoke about the operational and financial upsides and downsides of developing public-private partnerships, which he said are essential in managing the gap between growing demand and production within the GCC food industry.

Finally, and certainly not least, a huge thanks must go to Michael Stockdale, who returned to Leaders in Logistics this year as our conference chairman, leading discussions and throwing out poignant questions to our panellists, which raised the calibre of discussions. From Logistics Middle East thank you to all of our speakers and to all who attended the event. ☒





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Fax: +971 4 8879195

info@inl.ae

www.inl.ae

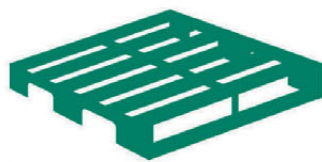
FULLY AUTOMATED

MULTI-TEMPERATURE & MULTI-USER 3PL LOGISTICS SOLUTION



40,000

fully automated frozen (-18 to -30 degrees) pallet positions with state-of-the-art crane & conveyor system



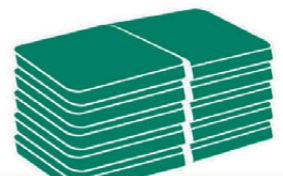
36,000

pallet positions of standard racking controlled at +25 degrees for general cargo



18,000m²

of mezzanine storage or added value area within the facility



2,500

metric tons of bulk stack



RIDING **THE WAVE**

The GCC shipping sector is on the cusp of a digital revolution, which will transform the way business is done in the coming years, say industry executives.

With 37 major and minor ports across the GCC, and just ten ports accounting for 95% of all cargo traffic, amounting to an estimated 35-million TEU by 2020. The region's logistics sector will see throughput across the GCC's ports grow

to 35-million TEU, yet the total capacity of the 37 ports will be 50-million TEU, thanks to US \$36-billion worth of investment. And yet despite this, ports from Khorfakkan and Jebel Ali in the UAE, to Umm Qasr in Iraq, say that they are struggling to keep up with the growing capacity demands of shipping lines.

According to Flemming Dalgaard, CEO, Gulfairer, the largest privately-owned port operator in the region, the solution lies not so much in port expansion as in technology integration. "Two key trends that we are witnessing is the role of technology and integrated solutions. Technology is playing a greater role in the maritime industry as shipping companies as well as port operators are beginning to realise its potential," he says.

"This presents new opportunities for maritime innovations whether it is in digitization or data analytics. Technology developments are also bringing in greater transparency when it comes to goods in transit, and increasing overall efficiency in the supply chain," he adds.

"Integration is another major trend we are witnessing in the industry, which represents a shift from focusing purely on sea freight to the entire supply chain. This is driven by a greater focus on customer needs as well as a search for margin in the door-to-door process, since sea freight is only a fraction of the costs of shipping goods from one point to another," says Dalgaard.

For these reasons, Gulfairer has put in place an ambitious technology transformation strategy – key achievements include the implementation of its new Marine and Container Handling (MACH) terminal operating software, as well as the SAP S/4HANA business suite. "These systems have enhanced our customer service function and accelerated operational efficiencies," explains Dalgaard.

Adoption of new technology solutions such as these, effectively increase the capacity of Gulfairer's ports, such as Khorfakkan, the second-largest port in the region by TEU throughput, without the massive CAPEX required by terminal expansion. For this reason, Philly Teixeira, president EMEA



↑ Flemming Dalgaard, CEO, Gulfairer.



↑ Philly Teixeira, president EMEA at INTTRA.

at INTTRA, says "digitisation is accelerating, most notably when it comes to port operators."

INTTRA is a neutral transaction network that connects carriers with their customers through an online portal and marketplace.

"We facilitate the exchange of key shipment information across the ocean shipping supply chain reducing connectivity complexity and improving efficiency through a single connection, providing the capability to search ocean schedules, book and track containers and submit shipping instructions," says Teixeira.

The adoption of digitization is gaining pace, driven by increased pressure from customers, governments, market conditions and carrier consolidation. This is forcing port operators to embrace technology to optimize operations.

These ports are rapidly catching up with their global counterparts and sometimes even outperforming them.

"We're seeing increased interest from shippers, carriers and from our customers who have come to realize that digitization is now a necessity," says Teixeira.

More than 700,000 container orders are initiated over INTTRA's platform weekly, representing over a quarter of global ocean container trade and according to Teixeira, it accounts for a similar number of GCC ocean freight orders.

"The availability of cost-effective labour coupled with a culture that values personal interaction meant digital solutions were not adopted as rapidly in the Middle East as in other regions." ❧



↑ Gulfairer has introduced MACH terminal operating software, as well as the SAP S/4HANA business suite.



TRISTAR GROUP DEPLOYS BLOCKCHAIN TECHNOLOGY

Tristar is revolutionising its logistics business with the use of blockchain in its supply chain.

Tristar Group announced a milestone in its digital transformation strategy as it unveiled a ground-breaking Proof of Concept (POC) using blockchain technology. Transparency in the supply chain has always been difficult to achieve, but Tristar will break down those barriers using blockchain. The platform that Tristar uses is one of the first of its kind in the world and is currently operational.

Tristar Group Head of IT Adam Lalani speaks to ITP about their blockchain deployment

What is the need for blockchain in logistics and supply chain? Is it just hype?

It is definitely not hype. Blockchain technology has the potential to disrupt the logistics industry in the same way that the internet disrupted traditional business models 20 or so years ago.

In the logistics industry the completion of one successful end to end transaction potentially involves a multitude of individual tasks, which often have interconnected dependencies.

Blockchain technology gives us the ability to provide irrevocable verification and oversight to these complex processes as well as the movement of products to our customers.

Records stored in the blockchain employing

smart contracts are computationally almost impossible to alter, leading to unprecedented verification and transparency to all stakeholders involved in a particular transaction.

Additionally, we are able to capture all kinds of multiple dimensional data such as tyre pressure, speed, electronic signatures – the possibilities are almost infinite, limited only by what we decide to capture.

For us, the implementation of Blockchain technology can drastically cut expenses involved in



maintaining a vast network of warehouses and vehicles, as well as eliminate the burden of excessive paperwork – saving paper and hours of laborious manual effort.

What are the challenges you faced in implementing blockchain?

Tristar as a company is quite dynamic and responsive to change. Some of our external stakeholders have more impediments when it comes to effecting rapid changes, but we understood that and have considered this during the design of our implementation – so that further down the line, they are ready to “plug in”.

Internally, the biggest challenge was to enable the connectivity between legacy systems and the Blockchain without disrupting our ongoing day-to-day activities. This is something that we managed well.

Normally with projects of this magnitude, you might encounter resistance to change, but very quickly, it was apparent to all involved that this platform is going to change the way we work for the better.

What are the benefits you are expecting?

Our blockchain implementation is underpinned by IBM’s Hyperledger technology and runs on Amazon’s AWS cloud platform. Complete end-to-end warehousing and transportation processes will be captured in Tristar’s private blockchain, providing real time oversight and analysis to our stakeholders.

Additional benefits we have identified include time savings -



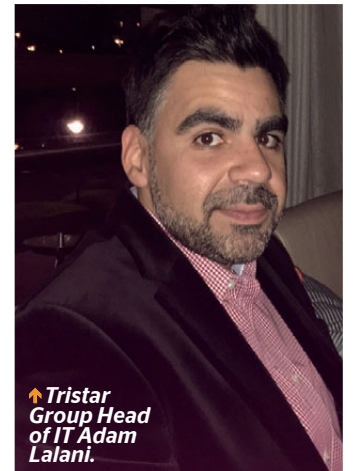
through automation of manual processes, the reduction in usage of paper, elimination of human error, and the ability to optimise warehousing manpower, scheduling and deliveries.

The project also enables Tristar to seamlessly tie together our WMS and transportation platforms, allowing key customers to access a single secure platform protected by military grade encryption with irrefutable records of events and interactions between the parties.

Further down the line, it is envisaged that the safety data and driver/vehicle metrics we capture would allow us to save on insurance costs and vehicle maintenance.

What is your outlook for the future of blockchain in logistics industry?

Blockchain does offer solutions to the problems faced by the logistics industry, but most companies are currently just testing the waters. As I touched upon earlier, some organisations are not able to move quickly when it comes to the implementation of new



↑ Tristar Group Head of IT Adam Lalani.

technology. Additionally, as there are not many comprehensive solutions or solution providers available in the market, some are waiting for that maturation before moving forward. Things are happening so quickly these days, I think personally that waiting is a mistake.

Also, with more and more companies in other industry sectors, as well as governments adopting this technology, there is going to be an even greater awareness of the possible applications of Blockchain technology and that will lead to proven solutions being created, adapted and adopted specifically for the logistics industry. ☒



PRODUCTS

Logistics Middle East reviews the latest gadgets, essential kit and product innovations making an impact in the GCC supply chain market

PRODUCT FOCUS

SWISSLOG CARRYPICK



CarryPick is flexible, scalable and quickly adjustable to changing demands in warehousing. The automated storage and goods-to-person order picking system is specifically designed for the intralogistics requirements fulfilling e-Commerce business where product variability, delivery time and cost efficiency are daily challenges.

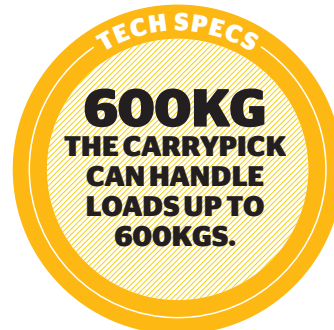
The modular concept of CarryPick perfectly fits into existing

buildings and stands out for its ability to be extended and relocated on very short notice.

CarryPick consist of only four components such as mobile racks, automated guided vehicles, Swisslog's workstations ProPick and the warehouse management system SynQ.

Multifunctional workstations are continually supplied with mobile racks by automated guided vehicles. Controlled and monitored by the WM 6 warehouse management system, CarryPick combines

storage with replenishment and picking functionality, and handles returns in a very efficient way.



01

FLEXIBLE:

CarryPick robots quickly adapt to changes in condition. (i.e. product heterogeneity, volume, performance).

02

EFFICIENT:

The ergonomic and user-friendly workstation design can handle changing customer processes.

03

SIMPLE:

Building requirements are very modest. Ceiling height can be low and both lighting and heating are not necessary for performance.

04

MODULAR:

Thanks to its modular concept, CarryPick is scalable and expandable and can be integrated into the existing logistics infrastructure.

DO YOU WANT TO SHOWCASE YOUR PRODUCT HERE? E-mail your product information to: shaun.ebelhite@itp.com

HORMANN SPU F42



Hormann has launched double-skinned insulated steel sectional doors, SPU F42 in the UAE. Thermal insulation reduces energy requirement, consequently also lowers heating costs and lower CO2 emissions. SPU F42 door sections are filled with polyurethane rigid foam. This 42-mm-thick insulating core provides for strong thermal insulation. Sectional doors open vertically and thus create more space in front and behind the door.

ECOLOADING SHIPLOADER



ECOLOading is a type of high performance shiploading equipment developed exclusively for large maritime and port facilities. Port terminals when loading bulk cargo typically depend on variables such as: weather conditions, (ie., incidence of wind, rain, etc.) as well as environmental concerns. Often ships wait in a queue to load their cargo holds due to these conditions.

WILGARD WILDECK



Wildeck has announced a new family of structural steel end-of-aisle rack protectors to guard against fork truck impact at rack aisle corners in busy storage facilities, warehouses, and distribution centres. Wilgard XT Rack Protectors have been designed for heavy-duty rack protection in high traffic areas. Rugged structural steel designs allow users to choose from three levels protection to guard warehouse rack from fork truck impact.

MIX TELEMATICS
JOURNEY MANAGEMENT

MiX Journey Management suits fleet operators across diverse industries, and is especially ideal for those with large fleets of vehicles that travel long distances and carry passengers or cargo. Not only does MiX Journey Management help deal with the major issue of risk exposure, but it improves safety as well as the quality of customer service, while ensuring compliance.

WAREHOUSE

 **The transport vehicle of the future**

The first full-scale prototype transport vehicle of the future has just been unveiled by Swedish tech company, Einride. The 'T-pod,' an electric self-driving vehicle that is remotely controlled by drivers, is significantly smaller than today's heavy trucks and works alongside its innovative charging stations and pioneering infrastructure.

The new transport system can reduce carbon dioxide emissions from freight transport in Sweden by up to 60% by 2030.

Einride was founded with the aim of creating a sustainable transport system to help achieve Sweden's environmental goals and has been planning the T-pod system for over a year. As well as benefiting the environment, the Einride system also improves road safety, creates new jobs and provides more cost-efficient transports for purchasers.

The T-pod is about 23 feet long and has an operating weight of 20 tons. It is controlled by an operator, which provides the advantage of human flexibility and decision-making, but it also has the ability to take advantage of a self-driving system.

FIVE MINUTES WITH...

Ulugbek Yuldashev, founder and CEO, AWOK.com.



ARE WAREHOUSE OPERATORS GOING HIGHER AND HIGHER WITH THEIR STORAGE AND RACKING SYSTEMS?

We've gone higher to maximise volume in the fulfilment centre, we're using multi-level racking because we want to use as much of the space as possible.

ARE YOU SEEING MORE INTEREST IN WIRE-GUIDED, MAN-ABOARD ORDER PICKERS?

We've designed the racking so that every level is walkable using a PDA, with each item being picked manually. We do this because each order contains multiple products from different locations within the centre.

WHERE IS YOUR CENTRE LOCATED?

The fulfilment centre is located in DIP and we have several dispatch centres across the UAE, in Abu Dhabi, Dubai, Sharjah etc. So a product is picked at the warehouse and then sent to the dispatch centre, from which last mile delivery takes place. We use this set-up because we're delivering more than a million products every month and that traffic from the main warehouse, as well as the timing from the centre to the customer, doesn't make sense.

The small dispatch centres are only for delivery to the customer, very short term storage of products that have already been ordered and they have a similar set up to the main warehouse, but on a much smaller scale in terms of racking.

THERE IS A LOT OF TALK AT PRESENT ABOUT WAREHOUSE OPERATORS 'GOING UP' IN TERMS OF HIGHER RACKING, BUT IT SEEMS THAT A LOT OF VERTICAL WAREHOUSE SPACE IS STILL UNDER-UTILISED, WOULD YOU SAY THIS IS THE CASE?

The first problem is in terms of robotic systems that maximise density, using every square centimetre of volume, but they can't handle the huge number of SKUs that we're dealing with. So in this sense there's a handicap on the part of the technology, which means that we have to use humans, and they need safe routes to walk around the warehouse, which means that less volume is being used for storage.

WHAT CAN WE EXPECT FROM AWOK IN THE COMING MONTHS?

We're currently investing in Saudi Arabia, where we plan to establish a fulfilment centre, because at present we're only operating in the UAE. During 2017 we expanded our operations across the GCC, with Saudi



ULUGBEK YULDASHEV, founder and CEO, AWOK.com.

Arabia being our first location for a new centre. After that we'll look at expanding into the MENA region as well.

TALK US THROUGH THE STORAGE AND RACKING SYSTEMS THAT YOUR COMPANY USES, WHY?

Awok.com has 60,000 SKUs, which means that there are around 30,000 positions needed in the fulfilment centre and without the right racking system it would be a mess, we wouldn't know where everything was and we wouldn't be able to access it easily. So selling a product on the website, getting a customer

to make an order, that's just one part, after that the real work begins. Our backend team needs to be able to rapidly get that product out to the customer.

We deliver everything within 12 to 24 hours of the order being placed, so our WMS system will immediately tell our picker exactly where the item is located so they can go and get it. Our racking system is one of the most important, integrated parts of the business. We use different types of racking, 90% of what we're using has been designed in-house to meet our specific needs.



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Sales Director, Construction Group
Telephone: +971 4 444 3398
Mobile: +971 52 6448341
Email: mark.palmer@itp.com

FOR NOMINATION ENQUIRIES,
PLEASE CONTACT:

SHAUN EBELTHITE

Editor, Logistics Middle East,
Direct: +971 4 444 3420
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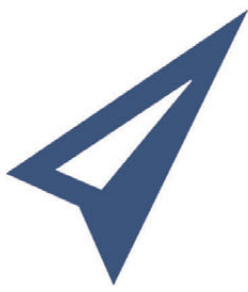
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Event Manager
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TERI DUNSTAN

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