



UNITED ARAB EMIRATES  
MINISTRY OF ECONOMY

# | INVESTING IN LOGISTICS IN THE UAE



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# The Logistics Sector Consists of a Wide Range of Segments



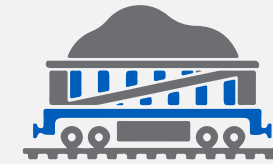
## Logistics services

This subsector includes inbound and outbound transportation management, warehousing, and other support services.



## Air and express delivery services (EDS)

Firms offer expedited, time-sensitive, and end-to-end services for documents, small parcels, and high-value items.



## Freight Rail

High volumes of heavy cargo and products are transported long distances via rail network.



## Maritime

This subsector includes carriers, seaports, terminals, and labor involved in the movement of cargo and passengers by water.



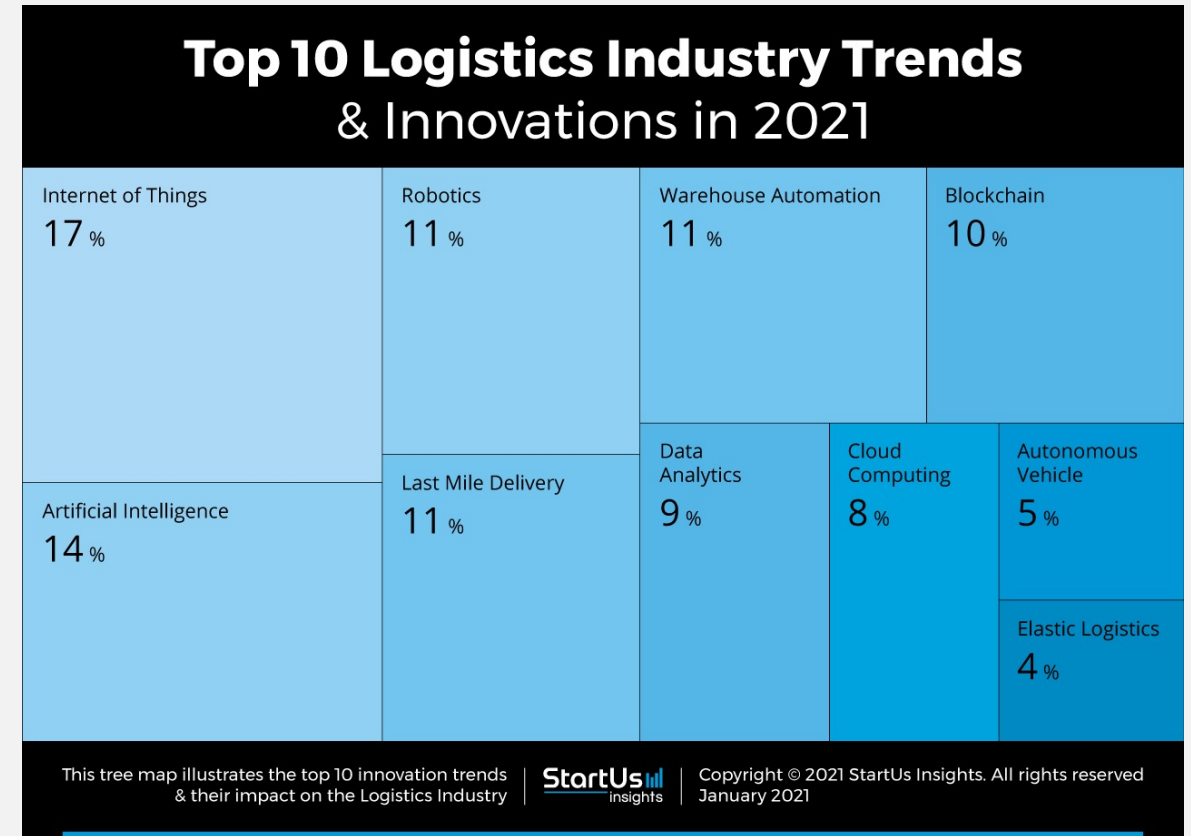
## Trucking

Over-the-road transportation of cargo is provided by motor vehicles over short and medium distances.

# Logistics Sector Prior to COVID-19 and Expected Trends

## Logistics sector is one of the backbones of international trade

- In 2018, global rail freight traffic amounted to around 9 trillion-ton kilometres and is **expected to reach roughly 12 trillion-ton kilometres by 2025**.
- The global logistics market was valued at **USD 7,641.20bn in 2017**, and is projected to reach **USD 12,975.64bn by 2027**, registering a **CAGR of 6.5% from 2020 to 2027**.
- Factors such as the **growing e-commerce industry coupled with a rise in reverse logistics operations and a rise in trade-related agreements fuel the market growth**.
- **Rise of tech-driven logistics services and growing adoption of IoT-enabled connected devices** are also expected to drive the market growth.



Source: Allied Market Research

# Looking Ahead: Future Trends in Logistics

To be able to continue their operations in the long run, carriers have to rely on new solutions to the current challenges of the logistics industry.

## Autonomous Logistics

- Integrating robotics into **logistics increases the speed and accuracy** of supply chain processes and **reduces human error**.
- Physical robots, such as collaborative robots (“co-bots”) and autonomous mobile robots (AMR), are used to pick and transport goods in warehouses and storage facilities whereas software robots perform repetitive and mundane tasks that free up time for human workers.
- Pick and place technologies such as automated guided vehicles (AGVs), robotic picking, automated storage and retrieval (ASRS), and put-wall picking **reduce error rates and increase warehouse productivity**.
- **Autonomous vehicles improve vehicle safety and deliver goods safely** by eliminating human errors while driving. They **increase the efficiency in the first and last-mile delivery** as they are designed to work all day and all night.

## Internet of Things (IoT)

- IoT in logistics **enhances visibility in every step of the supply chain and improves the efficiency of inventory management**.
- Integrating IoT technology into the logistics and supply chain industries **improves and enables efficiency, transparency, real-time visibility of goods, condition monitoring, and fleet management**.

## Artificial Intelligence

- AI algorithms combined with machine learning support companies to be **proactive in dealing with demand fluctuations**.
- Self-driving AI and smart road technologies are affecting a positive shift towards **delivery service automation**.
- AI-based cognitive automation technology brings intelligence to automate administrative tasks and speeds up information-intensive operations.

# Looking Ahead: Future Trends in Logistics

Industry trends are dependent on significant changes driven by the implementation of technology-driven innovations in business processes.

## Big Data & Data Analytics

- Data analytics **provide actionable insights for the improvement of warehouse productivity, performance management, and optimal utilization of logistical resources.**
- Data obtained from monitoring position and weather along with fleet schedules help **optimize routes and delivery planning.**
- Analysis of market data supports the further optimization of supplier pricing, inventory levels, and generation of risk management reports.
- Advanced analytics provide insights that **help identify anomalies and offer predictive maintenance solutions.**

## Elastic Logistics

- Elastic logistics **enables companies to handle supply chain operations with more efficiency during periods of fluctuation in demand.**
- It **helps upscale or downscale the supply chain operations**, as required, according to the market demand.
- Elastic logistics tackle the challenges facing supply chain companies including underutilization of vessels, constraints on warehousing, and overstocking.

## Cloud Computing

- Cloud-based SaaS solutions **allow for pay-per-use models that require low capital investment** minimizing the risk and cost of maintaining the IT infrastructure.
- Cloud-based logistics solutions **address communication hurdles and allow companies to collaborate and share data in a secure way.**
- Cloud-integration allows data collection from management systems to analyze overall logistic processes and offers universal accessibility that is not confined to any physical space.

## Blockchain

- Blockchain **offers security through an irrefutable decentralized ledger system** and addresses pressing traceability and related challenges.
- It **brings transparency of transactions to the entire logistics process.**
- Smart contracts based on blockchain technology **allow for quicker approval and clearance by reducing the processing time at checkpoints.**

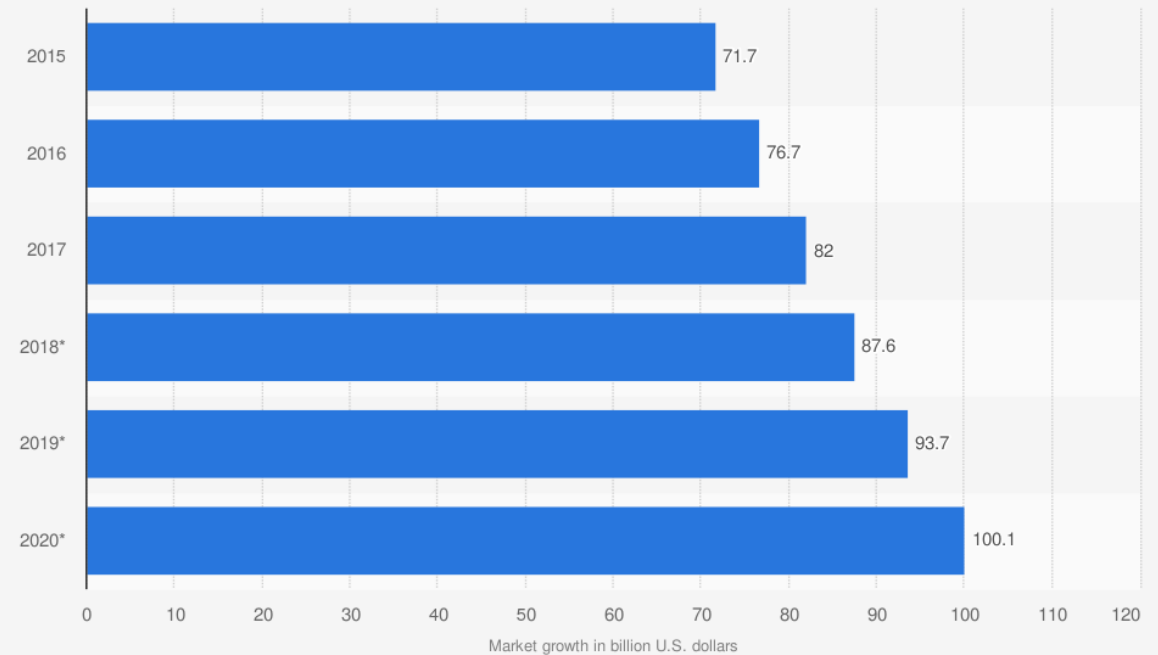
Source: StartUS Insights

# Logistics Sector in The MENA Region

## MEA Region could be the future of global logistics

- The Transport and Logistics sector, a key enabler for economic and social activity, typically **contributes up to c.10% to total GDP and employs directly c.6% of the total workforce in the MENA region.**
- Q1 2021 saw the **highest amount of quarterly funding raised** in the Logistics industry in the MENA region over the past 4 years, **rising YoY by 179%.**
- When compared to Q4 2020, **Delivery & Logistics funding in MENA increased by 525% while the total number of Delivery & Logistics transactions increased by 60%.**
- The region continues to move up the Logistics Performance Index with the **UAE taking the regional lead and ranks 11th globally,** followed by Oman, KSA, Bahrain, and Egypt.

Value of logistic market growth in the Gulf Cooperation Council from 2015 to 2020 (in billion U.S. dollars)



Source  
MEED  
© Statista 2021

Additional Information:  
Bahrain; Kuwait; Oman; Qatar; Saudi Arabia; United Arab Emirates; MENA; 2015 to 2017

Source: PwC



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# Growth Outlook for Logistics Investments in UAE

The UAE is leading the MENA region and is ahead of leading economies such as Hong Kong, United States, and Switzerland in the Logistics Performance Index (2018)

**US\$ 19.65 Billion**

Value of Freight and Logistics Market in UAE (2020)

**US\$ 31.41 Billion**

Expected Value of Freight and Logistics Market in UAE (2026)

**CAGR of 8.41%**

Between 2020 and 2026

UAE logistics sector's contribution to GDP in 2021 projected to hit : **8%**

**Ranked 11th**

In the World Bank's Logistics Performance Index (2018)

**Port of Jebel Ali, Dubai**

11<sup>th</sup> largest container port in the world with container volume of 13.5 Million TEU in 2020

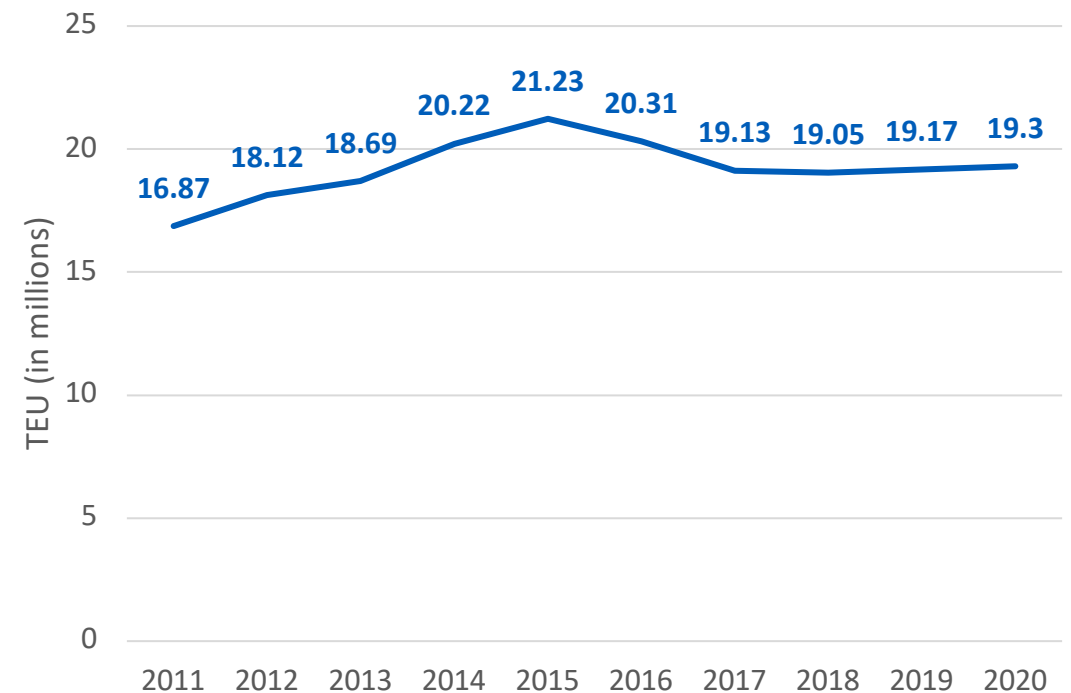
# The Maritime Growth Environment in the UAE

## Growing Maritime Sector in United Arab Emirates

- The Bunker Supply Index ranked the UAE **3<sup>rd</sup> globally in transport services trade** and **5<sup>th</sup> globally as a key competitive maritime hub**.
- The UAE ports handled **over 15 million TEUs during 2020**, while there were over 25,000 port calls in the UAE in the same year.
- **DP World** operates **over 90 terminals across six continents**.
- **58.4 million twenty-foot equivalent units (TEUs)** were handled by DP World across its global portfolio of container terminals during the January-September 2021 period.
- **AD Ports** operates **11 ports** and has handled **over 22.5 Million Tonnes** of general and bulk cargo.
- Currently there are **more than 10 million cubic meters of crude and oil products storage capacity at Fujairah**, most of which is for oil products, making Fujairah the world's **No. 3 bunkering hub**.
- The **ADNOC Fujairah Underground Storage** will strengthen the UAE's position as a reliable supplier of crude oil through **the 3 underground storage caverns** that have a **capacity of 14 million barrels** each.

## Container port traffic

(TEU: 20 foot equivalent units) - United Arab Emirates



Source: Transport & Logistics ME

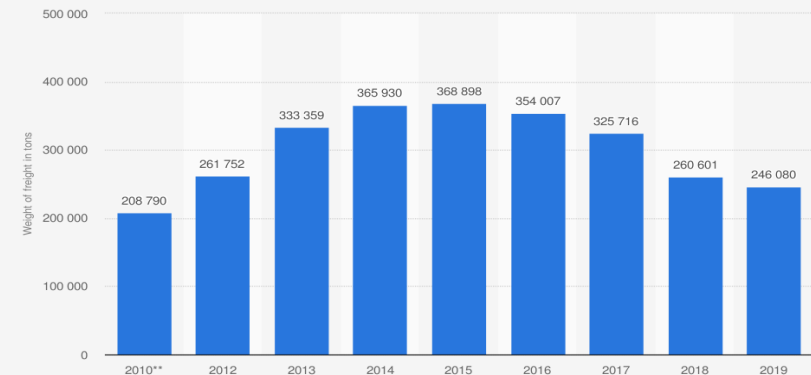
# Air Cargo and Land Transport Growth Environment in the UAE

## Growing Air Cargo and Land Transport Sector in United Arab Emirates

- Air cargo volume in the UAE **showed strong growth in 2019** (Abu Dhabi 5.6% and Dubai 3.3%), indicating UAE's growing importance as a global freight and logistics hub.
- **Emirates SkyCargo** has become the **first airline cargo carrier** in the world to have transported **more than 50 million doses of COVID-19 vaccines** on its flights and it has transported **more than 100 tonnes of syringes** across the world to support the delivery of vaccines.
- Emirates Group freight yield per Freight Tonne Kilometre (FTKM) increased strongly by **88%** in 2020/21.
- Etihad Aviation Group saw a strong performance in cargo operations with a **44% year-on-year increase** in freight carried in H1 2021 (**365,500 tonnes**).
- The **Dubai Flower Centre** is worldwide the **first air freight terminal** which is **specialized in the transfer of cut flowers**. The centre handles **180,000 tons of freight per year**.
- **Etihad Rail** will be the **first national freight and passenger railway network connecting the seven emirates of the UAE**. Its network will extend throughout the United Arab Emirates from the border of Saudi Arabia to the Gulf of Oman.
- The railway will span **1,200km** and is expected to serve **50 million tonnes of freight**.



Weight of outbound freight from Abu Dhabi International Airport in Abu Dhabi from 2010 to 2019 (in tons)\*



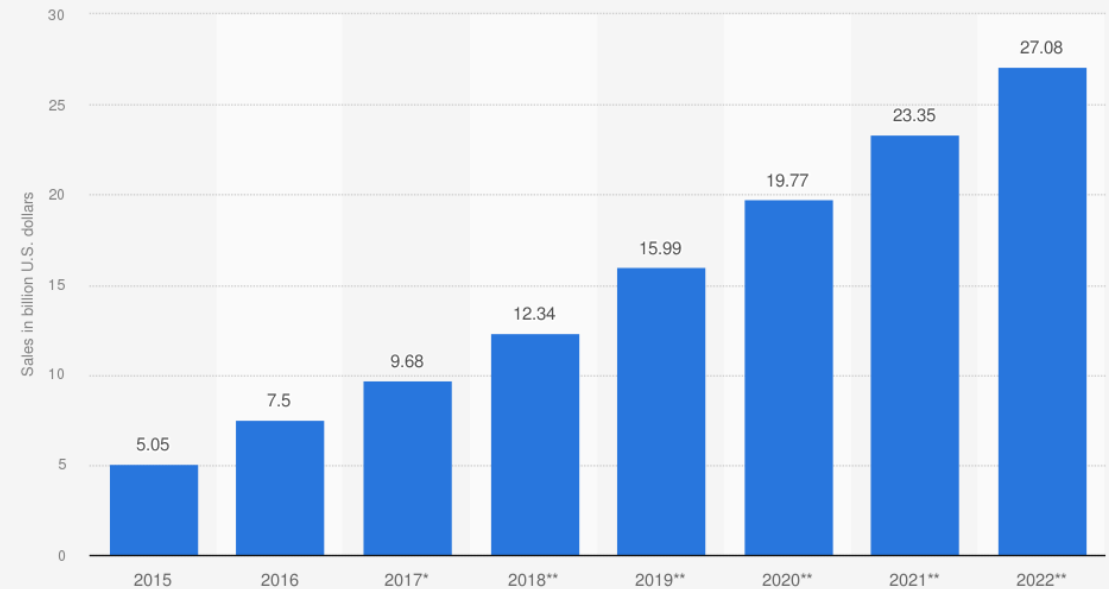
Source: USA International Trade Administration

# The E-commerce Growth Environment in the UAE

## Growing E-Commerce in United Arab Emirates

- The **UAE freight and logistics market has been growing steadily, mainly driven by the consistent and fast growth of e-commerce across the region and rising international trade.**
- Moving products at high speed requires solid supply chain management which is why logistics is often described as the cornerstone of e-commerce.
- This **extensive growth of e-commerce is driving investments in e-commerce logistics-related infrastructure and technology to support the growth of e-commerce.**
- The **UAE is the most advanced e-commerce market in the MENA region with a 4.2% share of E-commerce within total retail.** E-commerce as a share of total retail increases as countries mature, with the United States leading globally at 13%.
- According to a study commissioned by Dubai Police, Dubai Economy and Visa, 68% of UAE residents reduced in-store shopping, and **49% are increasingly shopping online. Thus, making last-mile delivery an important market.**
- **Emirates Post** has added new services - points and parcel locker – for faster last-mile delivery services. It has had a **45% growth in last-mile delivery volumes since 2020.**

Value of e-commerce sales in the United Arab Emirates from 2015 to 2022 (in billion U.S. dollars)



Source  
DED (Dubai)  
© Statista 2021

Additional Information:  
United Arab Emirates; MENA; 2015 to 2022

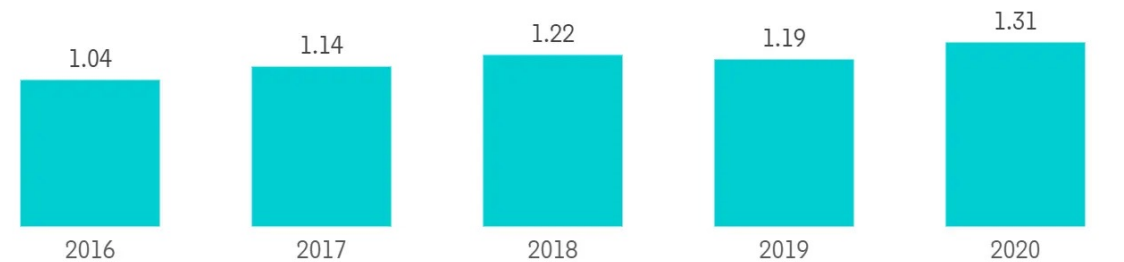
Source: Mordor Intelligence

# The Logistics Growth Environment in the UAE

## Growing Pharmaceutical Industry in UAE Driving Logistics

- The **UAE is fast turning into a source market in the supply chain, manufacturing, and exporting of pharmaceuticals to high-demand markets such as Africa and Asia.**
- In October 2021, solidifying its position as a global leader in the field of handling and storage of pharmaceutical products and vaccines across all temperature ranges, **Abu Dhabi Ports' Logistics has been awarded the Good Distribution Practice (GDP).**
- To achieve sustainable growth for the healthcare and pharmaceutical industry **the UAE government has adopted a series of long-term plans - Dubai Industrial Strategy 2030 and Abu Dhabi vision 2030 – which consider the pharmaceutical industry as one of the main sub-sectors** to develop with its future growth prospects, export potential, and mid-term to long-term economic impact.

Federal budget allocated for healthcare, In USD Billion, 2016 - 2020



Source: UAE Statistical Office



Source: Mordor Intelligence

# Initiatives for the Growth of Logistics in the UAE

## World Logistics Passport

- World Logistics Passport is a global, private sector-led, initiative designed to smooth the flow of global trade, unlock market access through the creation of new trade routes, and provide economic efficiencies to members.
- The WLP enables partner countries to take advantage of Dubai's customs and trade governance expertise, DP World's international logistics network of ports and economic parks spanning 50 countries, and Emirates' global Dnata and SkyCargo network, to improve their trade and logistic capabilities.
- According to the Dubai government, a pilot project running since July 2019 using the WLP has already improved trade among the participants by 10%.
- Traders and freight forwarders that are members of the WLP can expect to have an annual increase in trade on average of up to 5-10%

## Dubai's Silk Road Strategy

- Dubai's Silk Road strategy is a multi-decade endeavour launched in 2019 to promote and grow air and sea freight and bridge logistical gaps between emerging manufacturing and production hubs in emerging markets.
- The strategy includes nine initiatives and 33 projects that will see the collaboration of Emirates airlines, Dubai Airports, Dubai South, Dubai Free Zones (DFZ) Council, Dubai Maritime City Authority (DMCA), Dubai Roads and Transport Authority, DP World, Dubai Municipality, and Jebel Ali Free Zone.
- Internally, the strategy focuses on enhancing trade between free zones and the rest of the emirates. Externally, the focus will be on enhancing strategic and operational connection of logistics services between DP World terminals across the world with Emirates airlines playing a key role.

# Initiatives for the Growth of Logistics in the UAE

## UAE Maritime Cluster

- The Ministry of Energy and Infrastructure (MoEI) has launched the UAE Maritime Cluster to be an umbrella for the local and federal government and private organisations in the maritime sector.
- The UAE Maritime Cluster will feature a portal with a centralised database of entities within the maritime sector as well as a network of maritime organisations and professionals in the UAE.
- It will also organise events, conferences, and panel discussions to bring together the government and private sectors to discuss ideas, advance the maritime sector and help formulate the maritime strategy for the next 50 years.

UNITED ARAB EMIRATES  
MINISTRY OF ENERGY & INFRASTRUCTURE



الإمارات العربية المتحدة  
وزارة الطاقة والبنية التحتية

# Initiatives for the Growth of Logistics in the UAE

## DP World

- DP World currently has a **presence in 40 countries, operating 78 marine and inland terminals**, which includes ports, logistics parks, and economic zones.
- DP World **handles 70 million containers** that are brought in by **around 70,000 vessels annually**. This equates to **roughly 10% of global container traffic accounted for by their 82 marine and inland terminals**.
- Through its flagships, the poly-functional Jebel Ali Port and the integrated business hub Jafza, **DP World UAE contributes 33.4% to Dubai's GDP**.
- DP World **handled 58.4 million TEU** (twenty-foot equivalent units) across its global portfolio of container terminals in 9M2021.
- DP World **throughput grew 8.1%, ahead of industry growth of 6.4%**, in 3Q2021.



## AD Ports

- The Abu Dhabi Ports Group manages **11 ports and terminals in the UAE and Guinea**.
- **Khalifa Port serves more than 25 shipping lines** with direct links to 70 international destinations.
- A recent agreement signed in September 2021 between AD Ports Group and CMA CGM Group will build a new terminal in Khalifa Port with an **initial capacity of 1.8 million TEUs**.
- AD Port's **general cargo volumes rose to 37 million metric tonnes** in year-to-date September 2021, up from 22 million metric tonnes in the same period in 2020.
- **Container throughput grew to 2.47 million TEUs** in the first nine months of 2021, up from 2.42 million TEUs in the same period in 2020.



Source: DP World, AD Ports





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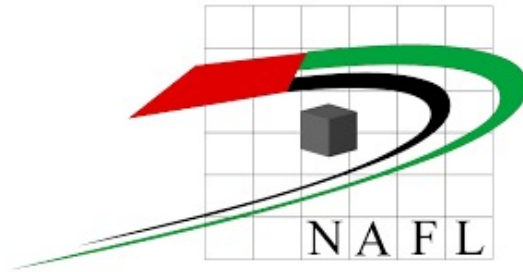
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# Eco System Components - Logistics Communities



- The **National Association of Freight and Logistics (NAFL)** was founded in Dubai in February 1992 as mandated by the Government of Dubai to respond to the need to bring together the increasing number of freight and logistics service providers in the UAE.
- Shortly after its establishment, on March 31, 1992, NAFL achieved another feat by becoming the first and only national association from an Arabian Gulf country to join the International Federation of Freight Forwarders Associations (FIATA).

# Events by the UAE Government in Logistics

Illustrative, non exhaustive



Established in 2008, Seatrade Maritime Middle East has become the industry's meeting point for maritime professionals in the Middle East.



The event provides essential insight into how advances in ship technology are meeting the challenges of achieving operational efficiency and sustainability for ship operations.



- Middle East Rail is the largest and most established transport event in the Middle East, North Africa, and South Asia.
- This annual event brings together the leaders of the entire transportation community and hosts more regional and international government representatives than any other event.



This summit held annually in Dubai is acknowledged as the biggest and the most informative leadership conferencing for supply chain and logistics industry in the Middle East, Asian subcontinent, Turkey, Central & East Europe, and African region.



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# Licensing Authorities in the UAE

دائرة التنمية الاقتصادية  
DEPARTMENT OF ECONOMIC DEVELOPMENT



<https://added.gov.ae/>



GOVERNMENT OF SHARJAH  
Economic Development Department

<https://www.sedd.ae/web/sedd>

اقتصادية دبي  
DUBAI ECONOMY



<https://ded.ae/>



دائرة التنمية الاقتصادية  
Department of Economic Development

<http://www.ded.uaq.ae/en/home.html>



دائرة التنمية الاقتصادية  
Department of Economic Development

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