

A Study on Positioning Dubai as the World's Premier Trade and Logistics Hub

Submitted for the award of the degree

**MASTER OF BUSINESS ADMINISTRATION
(International Transportation and Logistics Management)**

Submitted by

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DATE: 14 MAY 2024

CERTIFICATE

This is to certify that the Project titled “A Study on Positioning Dubai as the World's Premier Trade and Logistics Hub” submitted by **ABDULLA ADIL** Reg. No **2205305002** student of MBA (ITLM) is a bonafide record of her Project report and submitted to the School of Maritime Management, Indian Maritime University, Kochi campus, under the supervision of Dr. JAYAN P A, Assistant Professor, IMU Kochi campus. It is also certifying that the above work has not previously formed or submitted for the award of any degree, diploma, associateship, fellowship or other similar titles, and it is an independent work done by the candidate.

Dr. JAYAN PA
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SELF DECLARATION

I, ABDULLA ADIL (Registration No: 2205305002) student of School of Maritime Management, Indian Maritime University, Kochi hereby declares that this project report titled “A Study on Positioning Dubai as the World's Premier Trade and Logistics Hub” submitted in partial fulfilment of the requirement for the degree of Master of Business Administration in International Transportation and Logistics Management is my original work carried under the guidance of Dr. JAYAN P A. I also confirm that the report is only prepared for my academic requirement, not for any other purpose.

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GLOSSARY

Free Trade Zone: A designated geographic area within a country where goods may be imported, stored, processed, or re-exported without being subject to customs duties or other trade barriers.

Trade Hub: A central location or city that serves as a focal point for the exchange of goods, services, and commodities between different regions or countries.

Just-in-Time (JIT): A production and inventory management approach that aims to minimize inventory levels by synchronizing production with customer demand, ensuring that goods are produced and delivered only when needed, thereby reducing waste, holding costs, and lead times in the supply chain.

Hub and Spoke: A transportation model where a central hub serves as a focal point for the collection and distribution of goods to various spoke locations. This model helps optimize transportation routes and improve efficiency.

Route and Scheduling: Refers to the planning and coordination of transportation routes and schedules to ensure timely delivery of goods. It involves optimizing routes, allocating resources, and managing logistics operations efficiently.

Transshipment Hub: A facility where goods are transferred from one mode of transportation to another for further distribution. Transshipment hubs play a crucial role in facilitating the movement of goods between different transportation networks.

Feeder: The process of transporting cargo between major transportation hubs and smaller ports or terminals using feeder vessels. Feeder helps connect remote locations to global trade routes and enhances supply chain connectivity.

4 Ps: Stands for Product, Price, Place, and Promotion. In marketing, the 4 Ps represent the key elements of a marketing mix strategy used to effectively market a product or service.

Cross-docking: A logistics strategy where incoming goods are unloaded from inbound transportation vehicles and loaded directly onto outbound vehicles with minimal storage time. Cross-docking reduces inventory holding costs and improves supply chain efficiency.

Multi-modal Transportation: The use of multiple modes of transportation (such as road, rail, air, and sea) within a single shipment to optimize efficiency and cost-effectiveness. Multi-modal transportation offers flexibility and enhances supply chain resilience.

Last-mile Connectivity: The final stage of delivery where goods are transported from a distribution center or hub to the end consumer's doorstep. Last-mile connectivity is critical for ensuring timely and reliable delivery in urban and rural areas.

Turnaround Time: The total time taken to complete a logistics operation, from the arrival of goods at a facility to their departure. Turnaround time includes processing, handling, and any waiting time, and it is an important metric for evaluating operational efficiency.

Dwell Time: The amount of time goods spend idle or stationary at a transportation hub, warehouse, or terminal. Dwell time can impact supply chain performance and efficiency, and minimizing it is essential for optimizing logistics operations.

Inventory Management: The process of overseeing and controlling the flow of goods into and out of a company's inventory. Inventory management aims to optimize inventory levels, reduce costs, and ensure sufficient stock availability to meet customer demand.

FDI (Foreign Direct Investment): Investment made by a company or individual in one country in business interests in another country. FDI plays a significant role in global supply chains by facilitating international trade and investment flows.

DLC – Dubai Logistics City

MENA – Middle East North Africa

JAFZA – Jebel Ali Free Zone Area

SWOT – Strengths Weaknesses Opportunities Threats

DP World – Dubai Port World

GCC - Gulf Cooperation Council

TEU – Twenty-Foot Equivalent Unit

FEU – Forty-Foot Equivalent Unit

DPA - Dubai Port Authority

TABLE OF CONTENT	PAGE NO
Chapter I	
Introduction	8
Historical evolution of Dubai	10
Dubai as a Logistics hub	13
Significant and Relevance	14
Scope of the study	15
Objectives of the study	15
Research questions	15
Chapter II	
Review of Literature	16
Chapter III	
Company Profile – DP World, UAE.	20
Jabel Ali Port	21
JAFZA	26
Dubai Trade	30
Road Ahead	32
Chapter IV	
SWOT Analysis	36
Chapter V	
Findings & Suggestions	48
Conclusion	51
Bibliography	52

CHAPTER I
INTRODUCTION

In an era of globalization and interconnected economies, cities around the world are vying for prominence as key hubs of trade and logistics. Among these, Dubai has emerged as a formidable contender, strategically positioning itself as a nexus for global commerce and transportation. The rapid development of Dubai's infrastructure, coupled with its advantageous geographical location, has propelled it onto the global stage as a premier trade and logistics hub.

This study aims to delve into the multifaceted strategies employed by Dubai to establish and maintain its status as the world's leading trade and logistics hub. By examining the various factors contributing to Dubai's success, ranging from its strategic geographic location at the crossroads of East and West, to its state-of-the-art infrastructure including ports, airports, and free zones, this research seeks to provide insights into the mechanisms driving Dubai's ascendancy in global trade and logistics.

Through a comprehensive analysis of Dubai's positioning as a global trade and logistics hub, this study aims to contribute to the body of knowledge surrounding urban economic development, international trade, and strategic planning. By shedding light on Dubai's success story, this research endeavours to offer valuable insights that can inform decision-making processes not only in Dubai but also in other aspiring cities seeking to emulate its achievements in the realm of global commerce and logistics.

In May 2008, when H H Mohsen Ahmed Al-Awadhi took over as the Vice President, Logistics of Dubai World Central, it was perceived as a major milestone in the transition of Dubai as the Global Logistic Corridor envisaging a multi-modal logistics platform catering to growth and development of the entire for the entire Gulf region. The enlightened rulers and economic planners responsible on the growth and development of Dubai have been working on the repositioning of Dubai as a logistics city of global capabilities over a period of time. Mohsen Ahmed Al-Awadhi, being deeply involved in this initiative was fully aware of the potential of Dubai and the prospects it could bring it for global commerce.

Location of Dubai



Geographically, the United Arab Emirates (UAE) is located in the Middle East between Oman and Saudi Arabia on the southeastern shores of the Arabian Gulf, the western shores of the Gulf of Oman, and is on the southeast of the Arabian Peninsula. The UAE is one of the six countries that form the Gulf Cooperation Council (GCC) in the Middle East. The UAE is a federation formed by seven different emirates namely: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah. The UAE has a federal structure composed of a Federal Supreme Council, encompassing the rulers of the Seven Emirates, a Cabinet of Ministers, and the Federal National Council, which is a parliamentary body.

Historical Evolution

Dubai, a part of United Arab Emirate (UAE), has been a member of World Trade Organization (WTO) and has always supported open trade and stable trade relations with countries throughout the world. Taking advantage of its open economy, attractive business environment and continued economic growth, the UAE has emerged as a key international trade hub between the Indian subcontinent countries and Western economies. Some of the major chronological and historical milestones of the UAE in general and DLC in particular are:

1971 - Formation of UAE consequent upon British withdrawal of involvement in the erstwhile sheikhdoms which were also known as the Trucial states.

1972 - Completion of the construction of Port Rashid. This was the first deep water port built in the region named after H.H. Sheikh Rashid.

1978 - Commencement of the construction of Jebel Ali Port and creation of Port Authority of Jebel Ali to oversee its operations.

1979 - Completion of the construction of Jebel Ali Port, which is the world's largest man-made harbour and the biggest port in the Middle East.

1985 - Constitution of Jebel Ali Free Zone (JAFZA) as the country realized its importance as UAE has always been the hub connecting both east and west.

1991- Merger of Port Rashid and Jebel Ali Port under Dubai Port Authority to oversee the operation of both ports. Port authority PAJA (Port of Jebel Ali) and PRA (Port of Rashid) were merged together to form Dubai Port Authority (DPA).

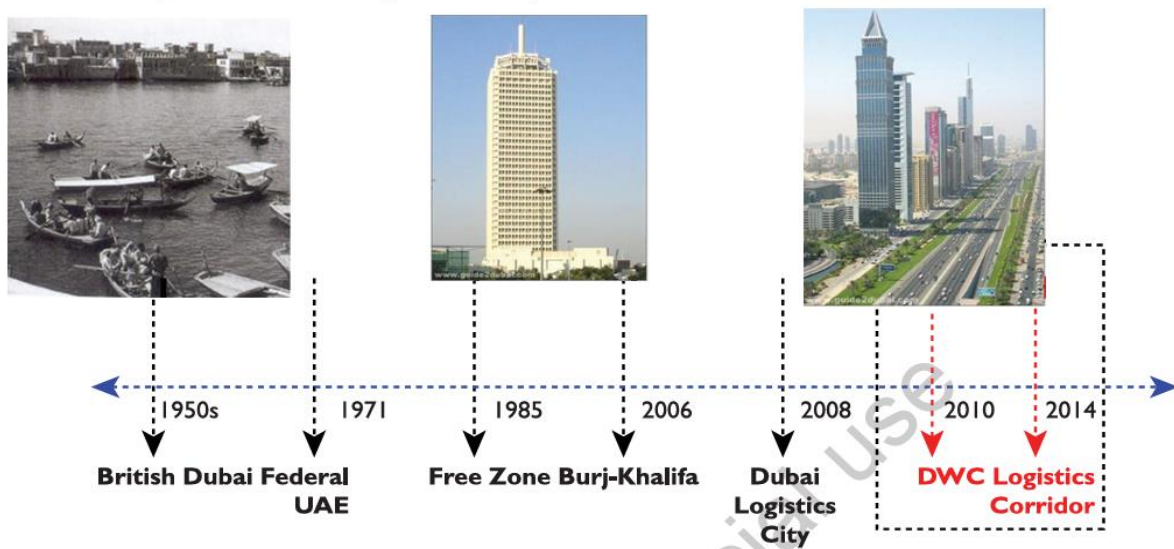
1997- As the country grew extensively, Dubai Port Authority ranked among the top ten busiest ports around the world. The Jebel Ali container traffic scaled new heights by having more than 50 percent of the total world's container traffic.

2007- UAE's major ports became capable of handling 10 million TEU, the highest TEU handled by any country in a single year. The increased level of infrastructure and advanced use of technology made most of the logistics operation in the country easier to handle and Dubai Logistics City was proposed.

2011- Jebel Ali upgraded its TEU capacity to 14 million, becoming a multi-modal integrated hub offering sea, air and land connection backed up by the excellent logistics facilities of the port of Jebel Ali. The port was equipped to store and refrigerate goods that required cold storage

2013 – DWC airport become functional and around 36 free zones for various businesses were established under the country's expansion plan

2014 – Dubai selected for hosting the world EXPO 2020 paving the way for launching of the Dubai logistics corridor project - an integrated multi-modal corridor as a restructured business model Over the years Dubai has grown as a leading logistics hub providing unprecedented logistics facility and extending numerous opportunities to any foreign investor for setting up business with 100% ownership holding and tax-free income.



Growth of Dubai

From a historical dunes village to a modern cosmopolitan city, Dubai has made steady and rapid strides. With its cultural diversity, Dubai is considered to be the Switzerland of the Arabian countries. While each emirate contributes to the development of the economy, Abu Dhabi focuses on the investments of aerospace, nuclear power, defence, information technology, and petrochemical industries, whereas Dubai has made heavy investments in the development of tourism, logistics, exhibitions, trade, banking, and a port for manufacturing and service industries. In addition to crude oil production, the UAE is tagged with non-oil sectors and relies on import of goods and services relating to food, material for building construction, logistics, and health care from the Indian subcontinent. Ever since the formation of the UAE, Dubai serves as the biggest re-exporting centre within the Middle East.

Dubai as a Logistical Hub

Most of the logistics activity in the country takes place through the utilization of ports and free zone areas. Having increased the number of warehouses and developed infrastructure and freight facilities, the city's excellence in logistics service sector has been a major factor for most of the development in the country. Dubai, which is one of the country's main cities, has been attracting a lot of foreign direct investment (FDI) due to strategic geographical location and has been a vital element of the competitive global freight network. Dubai is ranked among the top five locations for trade, logistics, tourism and finance.

Strategically and safely positioned as one of the major logistical hubs in the Middle East region, Dubai is often compared to Hong Kong and Singapore. However, Mr Mohsen Ahmad's vision and expectation to transform the logistics city into a major global logistics hub needs upgrading strategic, tactical, and operational capabilities.

The original master plan of Dubai logistics city, revealed in 2006, was limited to the geographical boundary of Dubai World Central and was hence revamped in 2014 by a revised master plan to combine the greater Jafza and DP World into the DLC. The DLC now connects the Al Maktoum International Airport (AMIA) at DWC and the Jebel Ali Port (DP World) and the Free Zone (Jafza) into a much bigger, vibrant, and robust business model connected by three important modes of transportation together. This idea was envisaged by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Ruler of Dubai, Vice President and Prime Minister of the UAE.

“It is not based solely on the individual efforts of institutions. The concept of teamwork has been one of the most influential factors for the success of Dubai and the UAE throughout the nation's history. Teamwork is the corner stone of progress that supports the building of a sustainable knowledge-based economy. We are on the right track towards becoming a leader thanks to the vision of our leadership and their quest for economic diversification and sustainable development” - H.E. Sultan Ahmed (CEO, DP WORLD)

The Significance and Relevance

The study on Dubai's positioning as the world's premier trade and logistics hub are multifaceted and impactful. Firstly, Dubai's transformation into a global economic powerhouse within a relatively short span of time serves as a compelling case study for understanding the intricacies of urban economic development and strategic planning. By examining the strategies and policies implemented by Dubai's leadership, policymakers, economists, and urban planners can derive valuable lessons applicable to other cities aspiring to enhance their competitiveness in the global marketplace.

Moreover, Dubai's success story holds immense relevance in the context of the broader global economy. As the world becomes increasingly interconnected through trade networks and supply chains, the role of key logistics hubs like Dubai becomes pivotal in facilitating international trade flows. Understanding the factors underpinning Dubai's rise to prominence offers insights into how cities can leverage their geographic advantages, invest in infrastructure, and foster a conducive business environment to catalyse economic growth and attract foreign investment.

Scope of study:

The study will comprehensively evaluate Dubai's current logistics infrastructure and it will analyse global trade trends, benchmark against leading logistics hubs, and engage stakeholders to identify key challenges and opportunities.

Objectives of the study:

- To assess the current Dubai logistics infrastructure.
- To find key success factors contributing to Dubai as a logistics hub.
- To compare Dubai's logistics capabilities with those of leading global logistics hubs.

Research Questions:

1. How does Dubai's geographical location and strategic infrastructure contribute to its competitiveness as a trade and logistics hub?
2. How do Dubai's free trade zones and special economic zones facilitate international trade?
3. How does the Dubai Logistics Corridor - Tri-modal System work?
4. What are the key success factors contributing to Dubai as a logistics hub?
5. How does Dubai compare to other logistical hubs such as Singapore and Hong Kong ?
6. Conduct a SWOT analysis for the Dubai logistics industry.

CHAPTER II
REVIEW OF LITERATURE

- **Dubai's Potential As An Integrated Logistics Hub. (2009)**

- Cedwyn Fernandes, Middlesex University Dubai, U.A.E.
- Gwendolyn Rodrigues, University of Wollongong in Dubai, Dubai, U.A.E.

The objective of this study is to examine the potential of Dubai as an integrated logistics hub, identify gaps and recommend policies accordingly. The key features of an integrated logistic hub are identified. The logistics performance of Dubai is compared to that of the top ranked logistics performing country, Singapore. Gaps that need to be looked into for Dubai to attain a similar status as Singapore are identified. The views of company managers in Dubai with regards to logistics facilities in Dubai are elicited using a survey method and analyzed. The study reveals that Dubai requires further development and investment to match Singapore's performance as a logistics hub. The survey results show that high rents and costs of operation will adversely impact on Dubai's status as a logistics hub. There also appears to be a logistics skill gap amongst the workforce in Dubai and this must be addressed and e-commerce must be encouraged. The regional competitors in Saudi Arabia, Egypt and Kuwait pose a challenge to Dubai's standing as a logistics hub for the region. The financial sector should be developed along with public institutions to facilitate a seamlessly integrated business environment. Much of the emphasis in developing Dubai as a logistics hub is on the physical infrastructure where the developments have been impressive. However, emphasis also needs to be given to containing inflation, developing professionals' skills, expanding the financial sector and ensuring that government regulation is conducive to business.

- **Transforming Dubai Logistics Corridor into a Global Logistics Hub.**
(2017)

- Balan Sundarakani, University of Wollongong in Dubai.

The case discusses the various factors that bolstered positioning Dubai as the ideal location for a logistics hub, located at the crossroads of international trade and commerce between the Eastern and Western worlds. Dubai is also regarded as the gateway to the world's most progressive markets which include Greater Africa, Indian subcontinent and the East European countries. The case illustrates some of the critical challenges faced by the city in particular and the country as a whole, in the past decade, thereby evaluating the issues and risks that can hinder its strategic logistics developmental roadmap. The case can be taken up for subjects like Logistics and Supply Chain Management, Operations Management, Global Logistics Systems, Warehouse Management and Strategic Management, and to enrich concepts related but not limited to Facility Location Strategy, Logistics Network Expansion Strategy, Country Analysis, Distribution Hub Location Strategy etc.

- **The Transport and Logistics Cluster in the United Arab Emirates.**
(2007)

- Microeconomics of Competitiveness, Group project.

The UAE – and perhaps more so Dubai, its most vibrant Emirate – evokes images of endless deserts, oil fields, millennial falcon hunting, sumptuous hotels, lavish man-made private islands, and non-stop shopping festivals. Behind these images lies a country that has sought to decrease its dependence on oil, build a modern economy and position itself as a leader in the Middle East region. In this project, we chose to analyze the transport and logistics cluster as it presents the UAE with an opportunity to leverage its strengths while further diversifying its economy and building global competitiveness. This project begins with an overview of the UAE economy and its national competitiveness; next we analyze the transport and logistics cluster in the UAE; finally, conclude with some recommendations to promote the competitiveness of the cluster in the future.

- **Dubai Amplified - The Engineering of a Port Geography (2010)**

- by Stephen J. Ramos

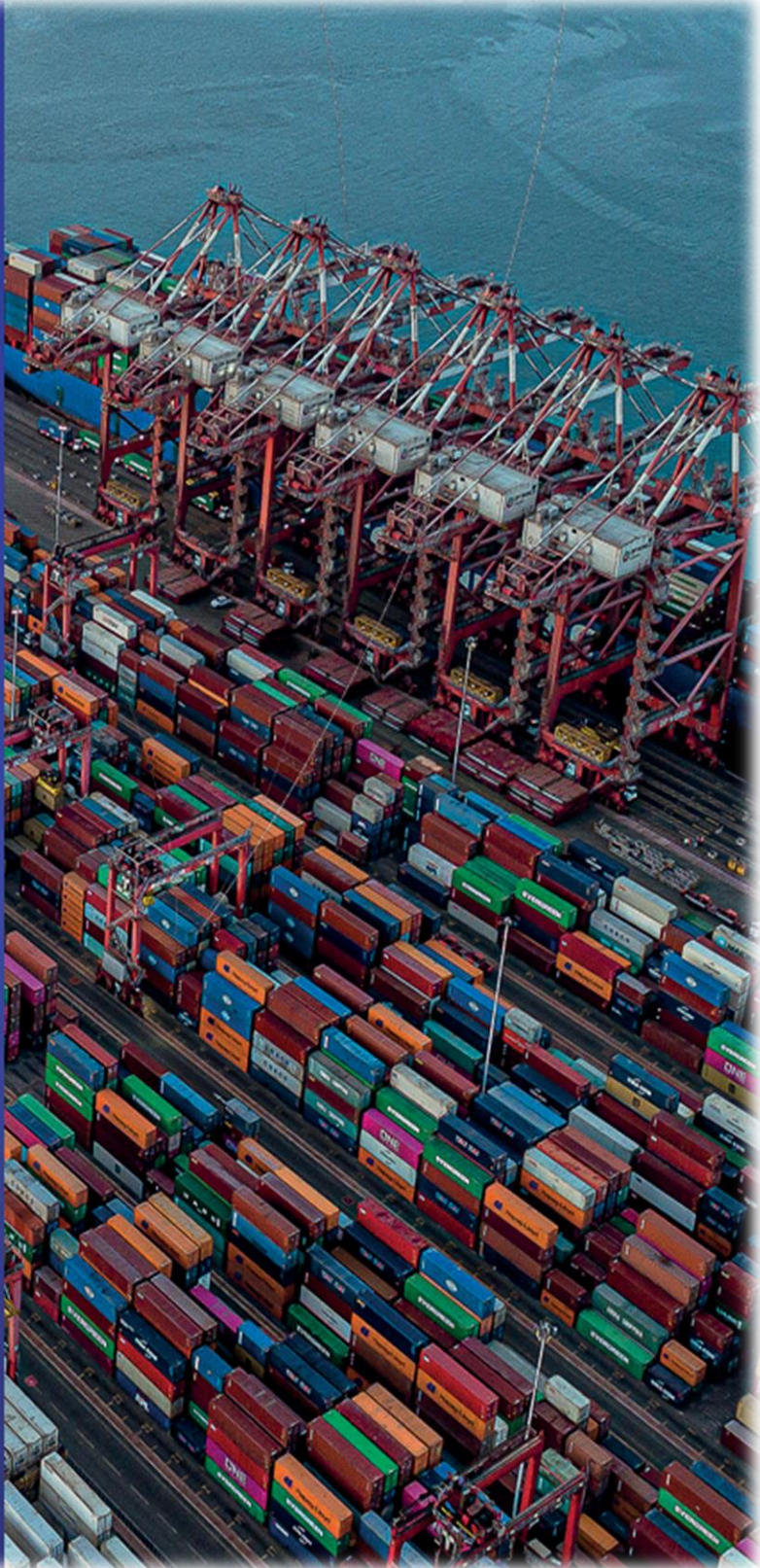
Following the British withdrawal in 1971, the Gulf Region entered a heady period of political restructuring, awash with oil money that helped fund national aspirations. Infrastructure investment became a central part of the region's nation-building initiatives and fueled strong competition. Without its neighbours' oil fields, infrastructure and territorial development became particularly vital to Dubai. This book provides a unique and detailed understanding of Dubai urbanism by demonstrating that cumulative programmatic intensification and scalar amplification of its large-scale infrastructural components guided its metropolitan growth and generated a territorial organization logic that outstripped the predictive capacity of traditional Western master planning. Dubai's rapid series of infrastructural projects culminated in the Jebel Ali Port, Industrial Area, and Free Zone, which marked a definitive "before and after" point. The book shows how Jebel Ali also became the template for subsequent developments, Dubai World Holdings Company's international aspirations, and the agencies that manage and regulate Dubai's large-scale infrastructural projects today. Dubai Amplified highlights the cycle of typological borrowing, prototypical replication, and scalar amplification, specifically in Dubai's infrastructure projects, to best describe its general territorial development. While infrastructure is traditionally understood as the elemental "hardware" that undergirds urban development, the book concludes by arguing that the definition should be expanded in this case as more of a set of objects, networks, and services that cities can selectively borrow, replicate, and amplify.

CHAPTER III
COMPANY PROFILE



DP WORLD

**CONNECTING
WITH THE WORLD**



DP WORLD UAE

Located in Dubai, DP World UAE is at the heart of DP World. It is home to the flagship Jebel Ali Port, the premier maritime commercial gateway and hub to a region of more than 3.5 billion people. As the region's frontline trade enabler, DP World UAE offers integrated solutions to global companies doing business across the region.

DP World UAE's portfolio includes Jebel Ali Port; Mina Rashid Cruise Terminal and Coastal Bert, and P&O Marinas. It also include Al Hamriya in Dubai city and three Zones: Jebel Ali Free Zone "Jafza", National Industries Park "NIP" Dubai Auto Zone "DAZ", Dubai Trade & World Security.

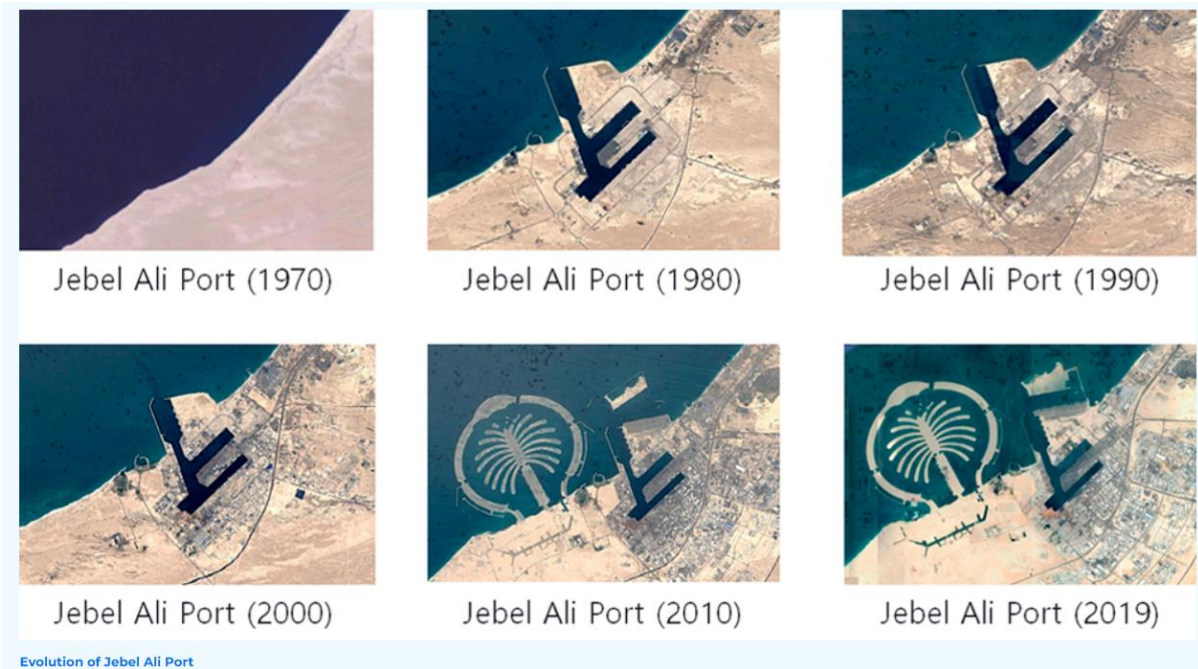
At DP World we unite our unmatched expertise with our world class infrastructure for our clients. This means connecting and simplifying processes, reducing friction and helping trade flow. We continue to diversify our portfolio, enhancing our technology offerings, providing new services and ultimately helping goods flow faster.

We integrate best-in-class facilities, multimodal transport solutions, digital solutions and market access capabilities into seamless end-to-end supply chains. Our extensive suite of assets across our Logistics, Marine Services and Ports and Terminals businesses help ensure we get our customers goods top the right places as quickly and sustainably as possible.

Jebel Ali Port - The largest Port in the Middle East.

An integral component of Dubai's logistical infrastructure, stands as a testament to the emirate's unwavering commitment to excellence in trade and commerce. As the largest man-made harbor in the world, Jebel Ali Port is not merely a maritime gateway but a strategic asset that underpins Dubai's status as a global trading hub. Jebel Ali Port is the premier gateway for over 80 weekly services connecting more than 150 ports worldwide. It has been voted the "Best Seaport in the Middle East" for 24 consecutive years and is ranked amongst the largest container ports worldwide. Boasting cutting-edge facilities, including deep-water berths and advanced container terminals, the port offers unparalleled efficiency and capacity to accommodate the ever-growing demands of international trade. Its strategic location at the nexus of key shipping routes positions it as a vital transshipment hub, facilitating the seamless movement of goods between Asia, Europe, Africa, and beyond. Moreover, Jebel Ali Port's free zone status, coupled with streamlined customs procedures, provides businesses with a conducive environment for expansion, innovation, and investment. By leveraging its robust infrastructure, advanced

technology, and business-friendly policies, Jebel Ali Port continues to play a pivotal role in driving Dubai's economic diversification and fostering its ambition to emerge as the world's premier trade and logistics hub.



Services and facilities available at Jebel Ali Port

CFS (Container Freight Station) facility located outside Gate 2 at Jebel Ali Port covers a total area of 134,343 sqm, which includes a covered storage area of 11,900 sqm and an uncovered storage area of 122,443 sqm. CFS provides a range of services based on the customers' requirements: LCL, Handling transshipment cargo, FCL, de-stuffing/stuffing, rework/consolidation operations, cross stuffing, weight reduction of containers, export stuffing, cargo delivery, including inter-port transfer, internal shifting, other additional services, cool & cold Store.

Jebel Ali Port offers the latest cool and cold storage facilities with a floor space of 9,665 square metres, and is ideal for a wide range of perishable cargo requiring special storage conditions. These include chocolates, produce, cigarettes and alcohol, pharmaceutical products, and cosmetics.

Our cool storage facility has a temperature range of 10°C to 20°C, with three rooms with a total pallet storage capacity of 3,240 (3,900 square metres floor space). The Cold Storage has a temperature range of -29°C to +13°C, with a pallet storage capacity of 8,183 (5,765 square metres floor space)

➤ General Cargo

The Jebel Ali Port plays a significant role in serving the Gulf, Indian Subcontinent, and African Markets. The diversity of the region and the markets served through Jebel Ali Port are reflected in the nature of the cargo imported and exported.

The port is strengthened by its high degree of specialisation in the storage and handling of all kinds of cargo at its facilities. These include bulk, breakbulk, and RORO.

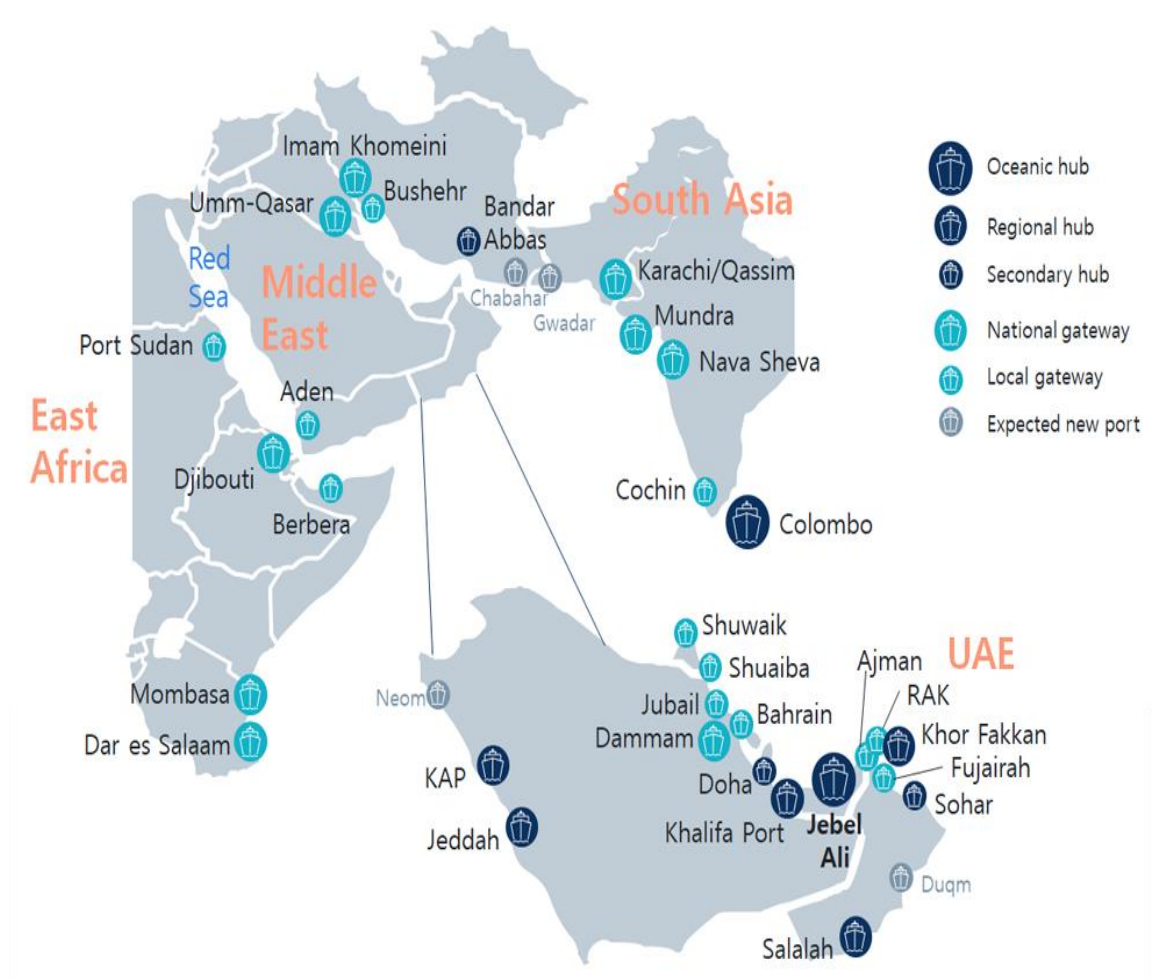
Jebel Ali's General Cargo Terminal covers a total storage area of over 1.4 million square metres, comprising 27 berths and a quayside depth of 15 metres, it allows very large and special cargo vessels to berth. Buoy and Dolphins: the storage yard has a capacity to accommodate over 750,000 vehicle units and a 16,200 square metres, 7-storey parking facility is under development in line with market demands. Jebel Ali Light Float / RACON Buoy is positioned at Latitude 25° 10' 30" N, Longitude 54° 52' 15" E (RW) L. FL 15 sec. The approach channel has a width of 320 metres and at the bend it widens to 520 metres.

- Container Terminal 1 (T1) has a capacity of 9 million TEU and is one of the busiest terminals. With 15 berths and 51 quay cranes, T1 is the foundation that has allowed Jebel Ali Port to achieve its position as one of the top ten ports globally.
- Container Terminal 2 (T2) with 32 quay cranes and 8 berths has a capacity of 6.5 million TEU. Its state-of-the-art technology has decreased carbon emission by 30%.
- Container Terminal 3 (T3) is known for its remarkable technological achievements. It has 5 berths and a capacity of 3.8 million TEU. Inaugurated in 2014, T3 is one of the largest semi-automated terminals in the world equipped with 19 automated quay cranes and 50 automated rail-mounted gantry yard cranes (ARMG). It is capable of handling Ultra Large Container Vessels (ULCV) with capacities exceeding 18,000 TEU.
- Container Terminal 4 (T4) will be the next benchmark for the world of trade with capabilities designed to serve the current and future market requirements. On its completion, it will take the port capacity to 22.4 Million TEU.
- Mina Rashid Terminal - The world's largest covered cruise terminal
According to the World Travel Awards polls, Mina Rashid has been the Middle East's leading cruise tourist destination for the past eight consecutive years, and is steadily gaining traction as a leading destination globally. Currently, Mina Rashid can handle seven mega-cruise vessels or 25,000 passengers at once. The port's Hamdan bin Mohammed Cruise Terminal is the world's largest single, covered cruise terminal

facility capable of handling 14,000 passengers a day. Mina Rashid is currently undergoing an expansion by building a world class recreational area that will symbolise Dubai's rich cultural heritage and solidify the terminal as one of the world's premier cruise tourism hubs. Due to high demand, it is also working to provide improved berthing services for private yacht owners looking to make Dubai a home for their vessels.

➤ Coastal Berth and General Cargo Facilities.

Mina Rashid Cargo Port enjoys a strategic location amidst the Dubai's traditional trading centres for cargo destined to Iran, Iraq, Africa & India. As Dubai's first modern port and located along traditional trading lanes, Mina Rashid is an attractive site for non-containerised cargo, especially for break-bulk and RoRo vessels. Its proximity to the city's used car markets and support from the Road Transport Authority allows for easy and hassle-free export handling.



Jebel Ali returns to Top-10 Busiest Container Ports

The Middle East's largest container port, Dubai/Jebel Ali, has re-entered the top 10 ranking of global container ports, overtook Europe's biggest port and demonstrated the scale of the economic slump in Europe. Jebel Ali processed 14.47 million TEUs in 2023, up from 13.97 million TEU in 2022, enabling the UAE port to return to the top 10 after dropping out in 2019. Its rise also knocked out the languishing Hong Kong port from the top 10 list, as the territory's container throughput declined 14% year-on-year, to 14.34 million TEUs. Hong Kong posted its seventh year of consecutive volume declines and has now lost a third of its container traffic over the past decade.

Rotterdam had moved ahead of Dubai in 2019, but lost 7% in container volumes in 2023, having handled 13.45 million TEUs, posting a second consecutive year of decrease. Due to sanctions, the Dutch port has been hit by the near-total loss of Russian cargo and Europe's recession has meant a major contraction in European consumer demand. Volumes are now 9% below 2019 levels. China's ports recorded another strong year of growth with Qingdao recording the highest increase of any major gateway worldwide. It handled an estimated 30 million TEUs in 2023 (December 2023 figure estimated following a change in Chinese reporting rules) and is now vying with Shenzhen, which handled 29.9 million TEUs, for the position of fourth largest container port in the world.

Alphaliner remarked, "Chinese growth is not expected to be as robust in 2024, with Western demand weakening in the fourth quarter, although exports to Russia remain strong. Nevertheless, China's grip on the global market tightened in 2023, comprising more than half (51%) of the top 30 market throughput versus 49% in 2022. Overall, the top 30 ports recorded average growth of 1.7% during the year, an improvement in 2022."

JAFZA (Jebel Ali Free Zone)

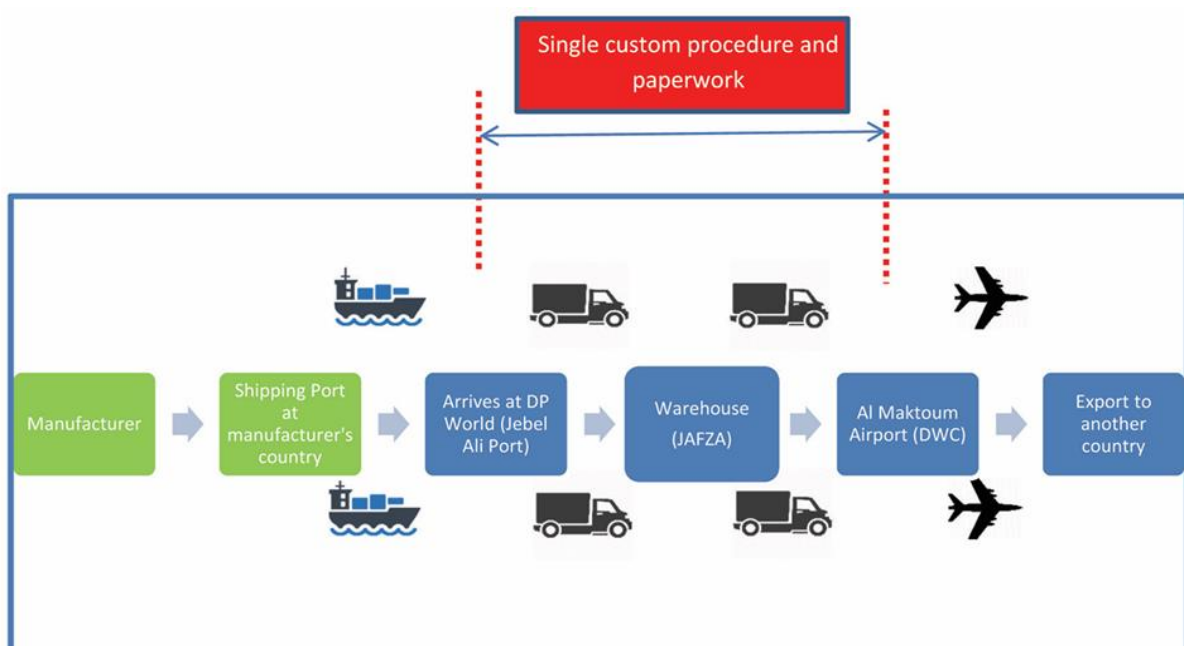
Jafza is a trade catalyst, that is home to more than 9,000 companies from 140 countries, including Fortune 500 firms. It is a vital part of Dubai's economy. Jafza is DP World's flagship free zone and the largest customs bonded zone in the Middle East. From 19 companies in 1985, we grew to 500+ businesses in 1995 and, today, over 8,700, including 100+ Fortune Global 500 companies. We enjoy a central location in an unrivalled ecosystem that has allowed us to grow over the last three to four decades, just as our proximity to Jebel Ali Port, Al Maktoum International Airport, and Expo 2020 Dubai has helped us become an ideal hub for global trade and a well-integrated business setup solution provider. Having all of the necessary resources opens up a world of opportunity with logistics providers. This helps us cut down your expenses and multiply your profit through an accessible supply chain that meets your expectations and addresses your business.



Jebel Ali Free Zone (Jafza) is one of the world's leading free trade zones. A DP World-owned company, the free zone was created in 1985 to promote trade and support container throughput at the Jebel Ali Port. Today it is one of the largest free zones globally and the region's most efficient logistics hub. Located in Dubai, between Jebel Ali Port, and Al Maktoum International Airport, Jafza provides the best in multi-modal connectivity.

Jafza sustains the employment of more than 135,000 people in the United Arab Emirates. In 2019, Jafza generated trade worth US\$104 billion. As the leading business hub between Asia, Europe and Africa, the fastest growing producing and consumer markets globally, and with over 30 years' experience, Jafza focuses on long-term customer relationships. Jafza builds alliances with global investors by providing them with world-class infrastructure and support.

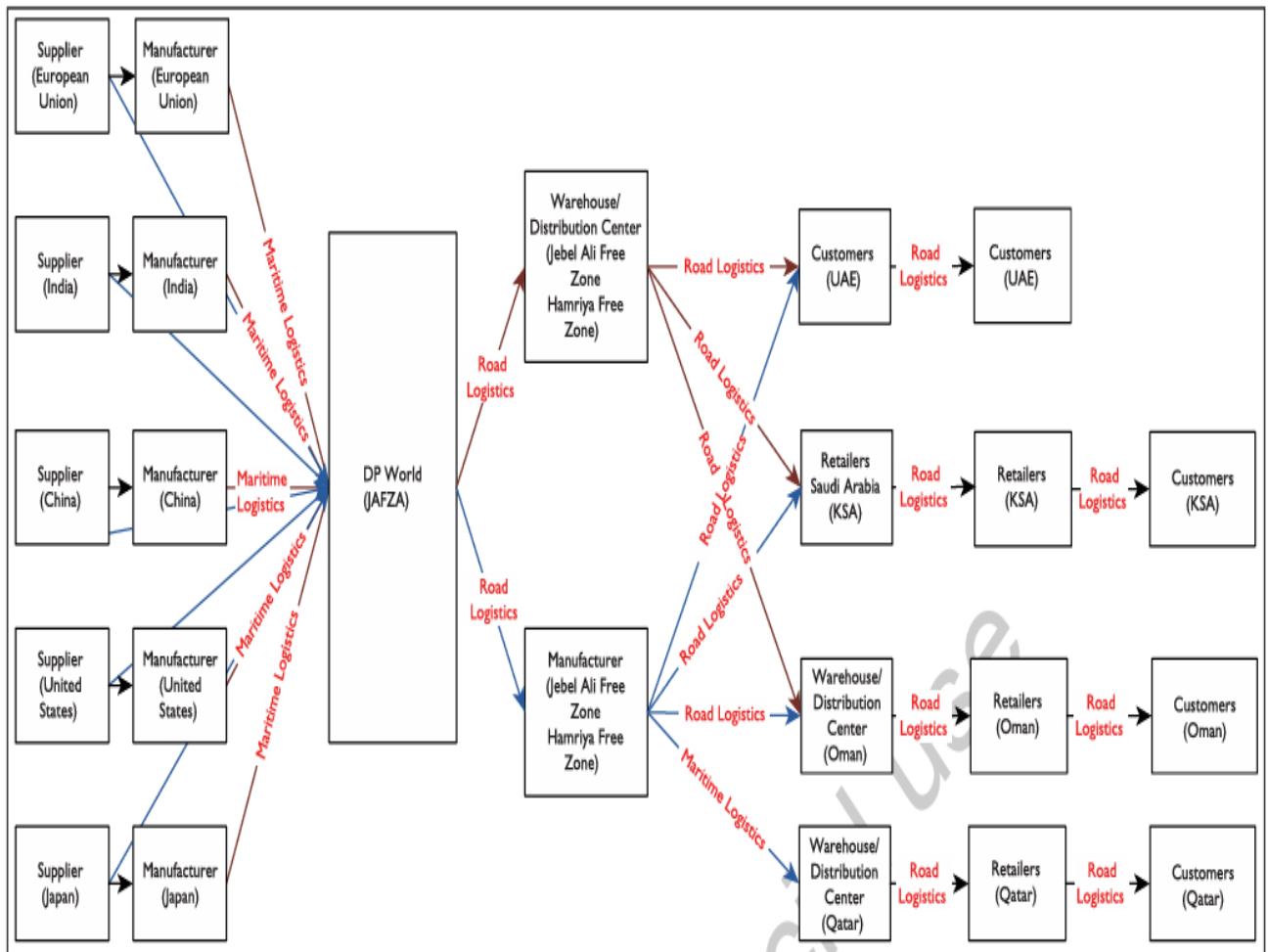
“If we take into consideration the world 50 powerful logistics companies, the top 30 of them have presence in Jafza in their business offering. This shows the strength of logistics businesses here and creates competitive advantage for any newcomers to locate and co-locate to each other.” - Mr Mohammed (Jafza Vice President)



Movement of Shipment across the Free Zones after the Formation of DLC.

The time taken to unload shipment at DP World, clear the containers, and transport them to the Al Maktoum International Airport in DWC would just be a matter of a few hours—approximately 4 hours. Prior to the formation of the DLC, a lot of documentation and customs work had to be complied, once the goods left JAFZA for the DWC. Completing all this documentation and compliance of various formalities could stretch over 2–3 days, and thus the clearance of the whole shipment from the port to the airport would perhaps take about 4 days. Thus, the DLC business model would help the companies reduce their lead times and be able to enjoy more responsive logistics, while not compromising on maintaining operational efficiency.

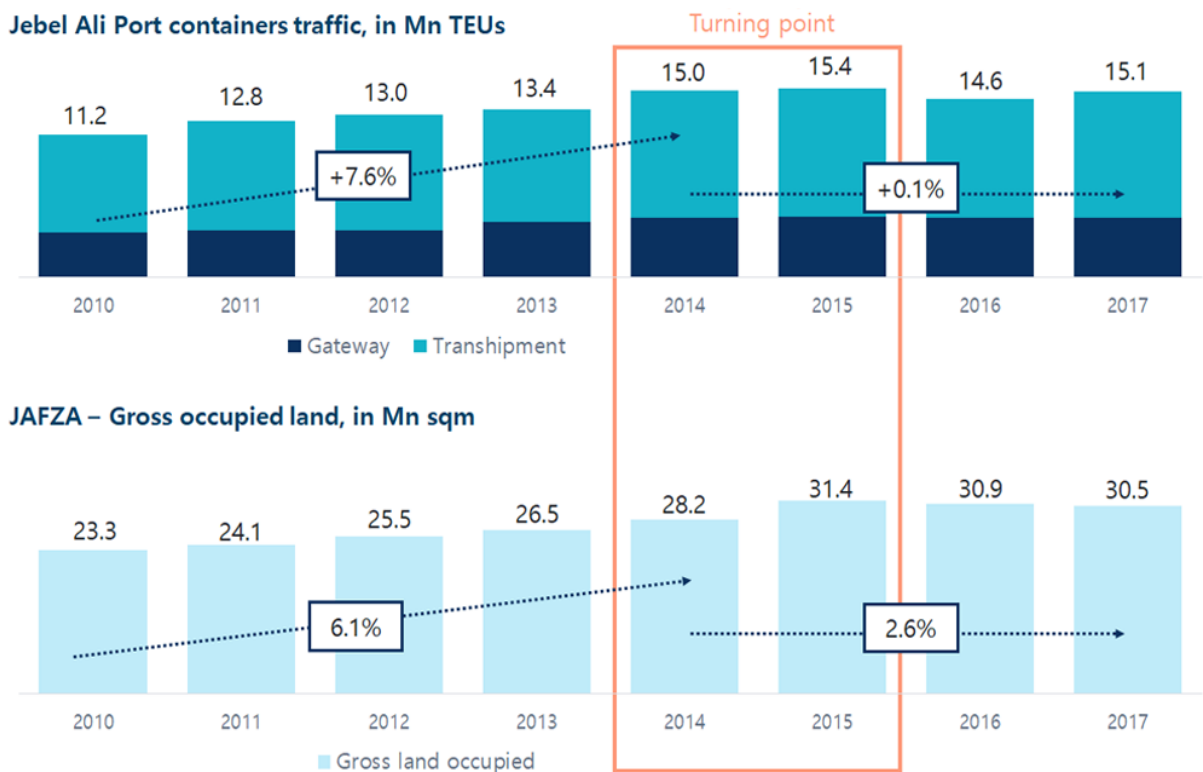
In order to enhance the logistics responsiveness, huge expenditure is incurred. However, the implementation of innovative trade solutions by the DLC corridor provides a win-win situation for all the stakeholders—the shipper, the carrier, and the consignee. It increases the responsiveness while reducing the costs for the companies. Several documents were needed for customs clearance, which was laborious and time-consuming apart from being expensive. Further, at each and every custom point, financial guarantees needed to be produced for the cargo to go through. In the case of the DLC and the single custom-based zone, such charges are incurred only once and thereafter the movement in the DLC is custom-free which cuts the costs for the companies in particular and logistics overall.



The export and Import process Passing through the Logistics Corridor.

In the context of logistics management, when any consignment moves from one free zone to another it has to undergo various procedures of customs and legal compliance, which are not only time consuming but also cost incurring. However, with the formation of the DLC, the products travelling within DP world, JAFZA and DWC, that is, the sea-road-air cargo route, will have to go through customs only once at the first point of entry. After that, travel within the corridor will be relaxed as the shipment would have complied with the stipulated regulation. This globally unique system has made it possible to process transport more quickly and in a more cost-effective manner than ever before.

Jebel Ali and its adjacent free trade zone, JAFZA, represent more than 16% of employment in Dubai, with more than 135,000 direct jobs and 8,600 companies. They account for nearly 25% of Dubai’s foreign direct investment and more than 30% of the Emirate’s GDP (est. 2017). Around 100 Fortune 500 companies have set up branches within Jebel Ali-JAFZA’s boundaries — as have many other companies in other districts of Dubai, which has emerged as a hub not only for goods trade, but also for professional services, finance, tourism and leisure, real estate, media and culture.



Jebel Ali Port Container Traffic

Dubai Trade

The most important natural resources of the country are oil and natural gas, which are primarily concentrated in Abu Dhabi (91% of the total natural resources); while the other emirates account for the rest. As per the World Bank study in the year 2015, the Gross Domestic Product of the UAE is approximately \$401.6 billion. The country has consistently been ranked among the top quartile of the 182 countries studied by UN Human Development and Logistics Performance Indices. A closer look at the industrial sector of the UAE listed according to the highest categorical weight, reveals that oil and gas, petrochemicals, aluminium, cement, ceramics, ship repair, pharmaceuticals, tourism, transport, real estate and financial services are the major industries.

UAE's main export commodities are crude oil, natural gas, re-export products, dried fish, dates, pearls, precious and semi-precious stones, gold, pulp and waste paper, sulphur and unroasted iron pyrites, metalliferous ore, metal scrap, organic and inorganic chemicals. The main import commodities have been sorted by the same source as machinery, instruments and transport equipment's, chemicals, food, cotton, accessories, gems and jewellery, man-made yarn, fabrics, base metals, cotton yarn, marine products, plastic and linoleum products and tea.

As of my last update in January 2022, Dubai's trade figures are subject to change due to economic conditions, global trade dynamics, and other factors. However, historically, Dubai has maintained a robust trade volume, with its trade percentages reflecting its status as a global trade hub. While precise figures may vary, Dubai's trade percentages typically involve substantial exports of petroleum and petroleum products, alongside imports of various consumer goods, machinery, and raw materials to support its diverse economy. Additionally, the re-export sector, facilitated by Dubai's strategic location and modern infrastructure, contributes significantly to its trade percentages.

Rank	UAE's Top 5 Import Partners	Percentage	The UAE's Top 5 Export Partners	Percentage
1	India	17.50%	Japan	17.10%
2	China	14.00%	India	13.60%
3	Unites States	7.70%	Iran	6.90%
4	Germany	5.60%	South Korea	6.10%
5	Japan	4.82%	Thailand	5.10%

The UAE's top 5 import partners are:

India - 17.50%

Primary products: cotton, accessories, gems and jewelry, man-made yarn, fabrics, manufacturers of metals, cotton yarn, marine products, machinery and instruments, plastic and linol

China - 14.00%

Primary products: textile products, clothes, light industrial products, handicrafts, machinery and products made from gold, silver, copper, iron, tin.

United States - 7.70%

Primary products: transport equipment, machinery, computer & electronic products, primary metal manufacturing, chemicals.

Germany - 5.60%

Primary products: machineries, electronics, chemical products, measurement and control technology, iron, steel.

Japan - 4.82%

Primary products: transport equipment, electrical machinery, general machinery, foodstuff, raw materials, mineral fuels.

The UAE's top 5 export partners are:

Japan - 17.10%

Primary products: crude oil, aluminum.

India - 13.60%

Primary products: pearls, precious and semi-precious stones, gold, pulp and waste paper, sulphur and unroasted iron pyrites, metalifer ore and metal scrap, organic and inorganic chemicals.

Iran - 6.90%

Primary products: pearls, precious and semi-precious stones, gold, pulp and waste paper, sulphur and unroasted iron pyrites, metalifer ore and metal scrap, organic and inorganic chemicals.

South Korea - 6.10%

Primary products: crude oil, petroleum products such as naphtha and liquefied petroleum gas, aluminum, copper.

Thailand - 5.10%

Primary products: crude oil, scrap metal, gold and silver bar, chemicals.

Source: Embassy of the UAE, Washington, DC (2015).

There has been a tremendous increase in the amount of imports and exports as well as in the number of organizations that are setting up their business within the UAE from 2010. Major international logistics players are preparing for this extensive investment in the logistics operations by increasing their shipment capacity and warehousing capabilities along with other value-added services. Organizations based in Hong Kong have chosen Dubai as their hub and gateway to the Middle East and North African region. Commodities, such as pearls, precious materials and metals, are the major goods that are imported from Hong Kong to Dubai.

Further, Dammam, one of the major manufacturing cities in Saudi Arabia, is closely located to Dubai. It chooses Dubai over Jeddah to export its products to the outside world. Petroleum from Dammam is also being transported via pipelines through Dubai due to the strained relations between Saudi Arabia and Yemen.

The Road Ahead

As an Oasis in the Middle East, Dubai has been able to attract millions of foreign visitors in the last few years. Great proportions of them have shown interest in investing this city and market. Even though Dubai has positioned successfully as the regional leading logistics hub its international standing, there are many areas where Dubai is lagging behind. The advantage of geographical location and better infrastructure in the region are some of the facilities which give Dubai an upper hand in the MENA region. Often, Dubai case can be compared with Singapore and Hong Kong in several aspects because of their similarity. Acclaimed as the Switzerland of the Greater Arabic region, the city has been a safe haven for many countries and people.

Current accelerated developments in almost all industrial sectors and promising future projects could possibly strengthen its standing perse. Etihad rail project completion and its fusion along with the DLC through various facilities will help make Dubai a global logistics hub. When DLC becomes fully operational with a single bonded customs platform with the world's biggest airport, it will enjoy competitive advantage due to its multi-modal (Quadra-modal: road + air + sea + rail) platform. How this would impact the global logistics market will depend on the way they operate.

DP World UAE Region pushes Digitalisation to Enable Smart Global Trade

It is DP World's vision to 'Lead the Smart Transformation' in its ports and logistics hub. Every move the company makes represents an additional step towards achieving this vision and advancing its IT infrastructure to the next level. The IT department of DP World in the UAE is a pioneer in business enablement and enrichment through technology, continuous exploration of new digital solutions and implementation of the latest disruptive innovations in the trade and logistics industry. The digitalisation and innovative solutions that a customer experiences today, is a result of continuous investment in this direction over the decades. The more realisation of the criticality that technological advancement brought with it at the right time made all the difference for our organisation to stay ahead.

At DP World, they are great believers in a solutions-based approach than a problem-based approach to challenges. Nothing is impossible. More than 20 years ago, DP World recognised the transformative role of technology when we boosted productivity at Jebel Ali Port with the "quad lift" quay crane that can unload four twenty-foot containers (TEU) at once. Subsequently, with the meteoric rise of digital technology, we dedicated time and resources on digitalisation across all our activities. The adoption of cloud technology ensures networked operations are uniform, adding enormously to efficiency.

In March 2021, DP World implemented the Zodiac terminal operating system (TOS) in Jebel Ali Port's Container Terminal 3 (CT3). The latest version implemented represents a quantum leap with 100% automation, delivering a world-class success story. CT3 has now become one of the most sophisticated and intelligent port terminals, comparable to the best in the world.

Zodiac's digital system, developed by DP World teams, consists of 18 internal integrated systems, including the cranes' automation system and berth planning. It also manages the rail and inland container depot, provides full fleet management and control of the container freight station. Zodiac provides real-time container location tracking, clearance and delivery with billing systems, driven by IoT technology.

Another DP World innovation, CARGOES Finance, is a good example of the new suite of enterprise and trade solutions we have invested in. The platform enables trade finance solutions for our customers, in partnership with banks and non-banking financial companies (NBFCs). Clients can select the most suitable finance product available to meet their needs for working capital at competitive rates. CARGOES Runner is another innovative DP World offering. It is an Enterprise Resource Planning suite that helps small and medium-sized freight forwarders to manage enterprise level operations efficiently.

AI, robotics, Blockchain, IoT, automation, cloud, 5G, Big Data, etc are some of the digitalisation tools identified very early by DP World and deployed across our assets to achieve next-generation automation and efficiency. We accelerated the already planned roll-out of the platforms to help companies meet the challenges of the Covid-19 crisis. Their vision is to digitalise supply chains leveraging our worldwide infrastructure of ports, terminals, economic zones and other assets. New platforms are moving the management of moving cargo online. It will enable our customers to be more efficient and increase the visibility and predictability of supply chains.

Globally, 90% of everything consumed today is traded across boundaries. This huge volume of trading results in multiple transactions at various levels. DP World UAE Region identifies itself as a smart trade enabler and believes challenges are opportunities to achieve the best smartly. A major part of our smart trade consists of continuously introducing technological advancements and innovations to help simplify this huge volume of trade across the globe. As a global logistics business spanning six continents, DP World is committed to creating long-term partnerships that help to solve cargo movement challenges, deliver consistency and drive value and growth. Technology architecture, business, IT and operations need to be modern and flexible, and they must work together in different ways. Many companies in the UAE and the Middle East are still following traditional operating models. For companies like DP World, UAE Region following lean and agile models, it is a challenge to move these traditional players into the new era of conducting trade and logistics business. They overcome this challenge with a simple way forward – if our customer does not have a system, we will build one. We are engaged in large customer testing of an in-house, global track-and-trace programme we call Cargoes Flow and also an enterprise resource planning (ERP) tool called Cargoes Runner. Both are built entirely from the ground up, using 100% DP World resources.

The industry at large is getting in on the broader trend of Digital Transformation, by using new platforms and technologies that significantly enhance supply chain visibility and, therefore, efficiency. The pandemic has provided the impetus we all were waiting for, so much so 96% of Middle Eastern companies are reconfiguring their supply chain.

The efforts are in line with the UAE's 2030 digital goals, reinforcing the economy of the country and aiding the industry. Frontline technologies such as robotics, automation, IoT, Big Data, virtual reality and cybersecurity play an integral role in helping DP World UAE Region build and sustain operational efficiencies. In the coming years, investments in these frontline technologies will keep increasing to harness its full potential.

At DP World UAE Region, enabling smart trade is paramount to what they do, and technology has fuelled our growth and reinforced our capabilities. Smarter trade drives global economic growth and social progress. It helps regions and nations grow, supports businesses, creates jobs and raises living standards. Every initiative that we take enhances Dubai and the UAE's economic standing. Jafza currently contributes 23.8% of Dubai's GDP and facilitates trade value of US\$99.5 billion.

CHAPTER IV
SWOT ANALYSIS

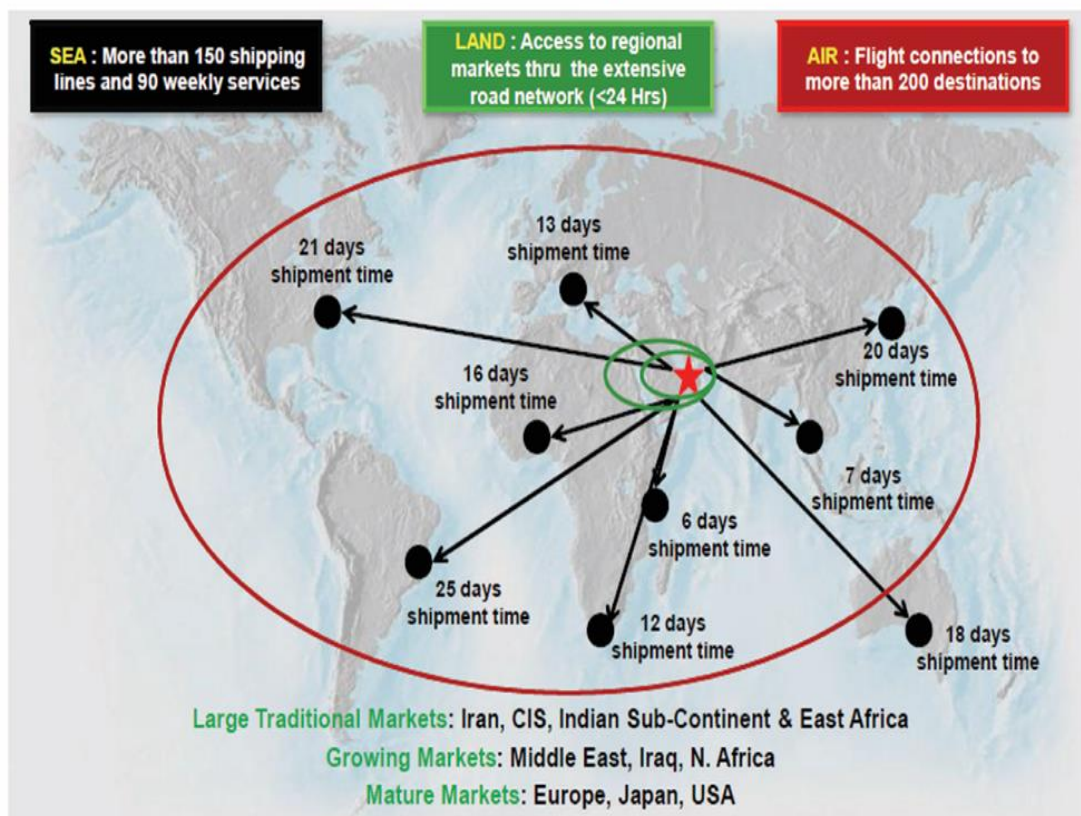
STRENGTHS

➤ Strategic Geographical Location:

- One of the most important factors that make Dubai a logistical hub is its strategic geographical location, as it is at the crossroads of important shipping routes. It is located midway between Asia and Europe, linking the Pacific, Atlantic and Indian Oceans.
- The arm length of the city provides key advantage as compared with any other likely city in the Middle East enjoying similar geographic and infrastructural advantages.
- Dubai's connections with the Red Sea, the Indian subcontinent and East Africa increase its chances of success in the free zone of Jebel Ali.
- The goods manufactured in Asian countries are distributed through Dubai to various parts of the world, including Africa, the Middle East, the Russian Commonwealth and Eastern Europe within two weeks of transit time.

Dubai Strategic Location

Offers the best sea, air and land connectivity



Source: DP World, (2015).

➤ Multi-modal Connectivity.

- The Jebel Ali Port, also known as DP World, is considered to excel in connectivity having the best infrastructure across sea freight ports. It provides more than ninety weekly services to 115 ports globally. Its unrivalled network provides multiple sailings to most ports across the region. Further, it enjoys road connectivity making it possible to transit across the Arabian Gulf within a period of 2-3 days.
- The DP World is located in Jafza just a few minutes away from the eighth busiest cargo airport in the world. Another great advantage is its co-location alongside the Dubai International Airport which is equipped to handle 2.7 million metric tons as well as Al Maktoum International Airport will presumably be the busiest airport in the world.
- The road network exceeds 168,000 kilometres in the Arabian region and is supported by a span of 75 kilometres Metro line network.
- The much-anticipated Etihad Railway is a new initiative designed to connect the UAE, the West of Saudi Arabia, and the East of Oman. With a 1,200 kilometres network, it is expected to carry approximately 50 million tons per annum of goods. This GCC-wide railway will further strengthen the UAE's importance and claim to remain the major logistics hub in the years to come. The use of multimodal transportation (sea, air and road modes) ensures a smooth and efficient stream of the logistical flows positioning DLC as a tri-modal option presently and a quadra-modal system in the future.

➤ The City Infrastructure (physical, IT and financial infrastructure)

- In addition to the geographical location, the infrastructure of the city constitutes a major pillar enabling logistical development. While considering the logistics infrastructure of the city, seaports constitute the most efficient way to transport a very significant quantum of freight over long distances next to road and air. The DP World is considered to be one of the largest man-made ports worldwide, ranking ninth as the largest container port in the world and the largest port in the Middle East.

- Some of the significant factors that increase the competitiveness and attractiveness of the Jebel Ali port are the wide-ranging logistical facilities and services, such as maritime legal expertise and maritime insurance.
- Apart from the physical infrastructure, information systems/technology counts as one of the three major components of the logistics sector. Technology with its myriad features equips companies to enhance their speed of operation, communication, document processing and transparency in logistics operation.

➤ Political Environment

Stability or instability in the political environment has an important role to play in attracting foreign investors, since they are always cautious and concerned about the political environment of the country where they intend to invest their capital. It has been seen that many investors had to face several problems in countries where there was no political stability. For free zones to be successful, political as well as economic stability is of prime importance, as foreign investors need consistency in the host country when the political environment is concerned. From this perspective, the UAE as a whole and Dubai in particular enjoy a very stable political system. The country has also been instrumental in bringing peace among the Arab Spring regions.

- In 2018, the port moved approximately 15 million TEUs and has become the busiest logistics hub in the Middle East, only outranked by those in the Far East of China and South Korea.
- DP World has expanded overseas and has become the 4th largest port services provider, moving more than 70 million TEUs per year in its nearly 50 container terminals across 6 continents.
- Jebel Ali is the leading port in container volume within its natural market, handling 15 million TEUs per year, of which 10 million TEUs are transshipment and 5 million TEUs are gateway cargo. This share not only shows the international vocation of the port but also its key role in the UAE's economy and import/export market. In 2018, Dubai handled nearly 25% of the containers in the region, followed by far by Colombo, the other oceanic hub.

WEAKNESSES

➤ Policies and Regulations

The efficiency and seamless connectivity between the administration and customs are equally important. In addition to this, clearance of goods should be least costly with the fastest possible speed and accuracy. In the UAE, it has been observed that the trade facilitation and shipment handling services are not available 24/7 and are highly complex compared to benchmarking cities, such as Singapore. Transportation of goods by trucks is also restricted during peak hours in order to avoid roadblocks, thus increasing the lead times taken by road freight during the wee hours of business. The clearance time without inspection takes almost one day and the number of agencies involved can be as high as three, involved in importing and exporting as opposed to Singapore (0 days and 1 agency). It takes a longer time to import and export goods in the UAE (2 days) than in Hong Kong (1 day) and is more expensive than Singapore and Hong Kong. Moreover, the transparency of the customs clearance and other border agencies along with the timely and adequate provisioning of information on regulatory changes is lesser as compared to Singapore and Hong Kong.

➤ Natural Factors

Extreme temperature (i.e., above 45°C) during summer, high humidity, and sandstorms adversely affect the products in the warehouse or during transportation. Extreme temperatures can easily damage perishable goods, necessitating the temperature to be controlled while being stored and transmitted. High humidity can damage the packing of consignment and once the packing is damaged, it exposes the product to further damage. Sandstorms cause sand particles to enter the packing of products thereby spoiling them. These natural factors cause an increase in the costs of warehouse and shipment in general, which is bound to have a negative impact on the shipper's profit.

OPPORTUNITIES

➤ Attractive Free Economy

The free zone business model was set up with the intention of streamlining trade and logistics activities across the countries. This model has been instrumental in boosting the country's economic growth by extending various tax exemptions, such as corporate tax exemptions, 100 per cent foreign ownership, 100 per cent tax exemptions on imports and exports, etc. Each free zone is governed by its own Free Zone Authority (FZA) and mandated business policies of the federal government.

Some of the strategic advantages for logistics companies operating in Dubai Free Zones are as follows:

- 100 per cent ownership
- Tax exemption for corporate
- Purpose-built office or warehouse facilities
- Liberal VISA policies
- No import or export custom duties
- Abundant availability of space and energy



Snapshot of Various Free Zone Models (both existing and proposed)

➤ Synergy among the Various Free Zone Pockets

Currently there are around thirty-six operational free zones and more than five free zones are in the process of being established. The government's visionary forward thinking policy has been responsible for creating a business-friendly environment by entertaining a free market. Technically, the location of the free zone, its co-location and the inter-linkage between free zones act as a catalyst for business growth. Not many countries worldwide have these many free zones geographically based within a radius of 150 kilometres. Logically, this synergy effect helps sustainability in the longer run on the road map towards a global logistics hub.

➤ Availability of Labour

The major factor contributing to Dubai's success is that it already handles 60 per cent of Middle East imports catering to more than 2 billion customers in Southeast Europe, CIS, the MENA region and with the Indian subcontinent. Foreign investors are very much concerned about the lowering of the cost of production, transportation and other overhead costs affecting the logistics. In this perspective, the availability of blue-collar labour at a competitive cost is considered to be one of the most important factors for logistics in attracting foreign investors. For instance, in Dubai, labour from different parts of the world, such as Sri Lanka, Bangladesh, Pakistan, Nepal, Ethiopia and Philippines, is available at a very competitive salary for the prosperity of the sector.

- Increasing buying power among the MENA customers and strong growth of trade between Europe and Asia. steady growth of manufacturing and other value-added activities in the UAE, Saudi Arabia, Qatar, Oman, Jordan, and Egypt.

THREATS

➤ Competitive Cost of Doing Business

Although in Dubai the costs of facility setup, operation and overheads are higher, this is comparable to other similar logistics hubs worldwide for some top indicators. Apart from the airport landing charge, which is more competitive than Singapore and Hong Kong, Dubai has been providing comparable competitive advantage for logistics friendly environment when the goods are to be transited towards the West through the Middle East corridor.

Indicators	Dubai	Singapore	Hon-Kong
Documents to Export	4	4	4
Documents to Import	5	4	4
Time to Export(days)	7	5	5
Time to Import(days)	7	4	5
Cost to Export(US\$/container)	630	455	575
Cost to Import(US\$/container)	635	439	565
Airport Landing Charge(US\$/ton)	3.95	5.5	14.5
Passenger Service charge(US\$/person)	20.5	11.5	15.5
Aircraft Parking Charge (US\$/hr)	85	72	45
Air Cargo Tonnage (2010)	2.27M	1.84M	4.16M
Sea Cargo Tonnage (TEU's)	11,600	28,431	23,699

Sources: Dubaiairport.com; Changiairport.com; HKairport.com; World Bank, 2014.

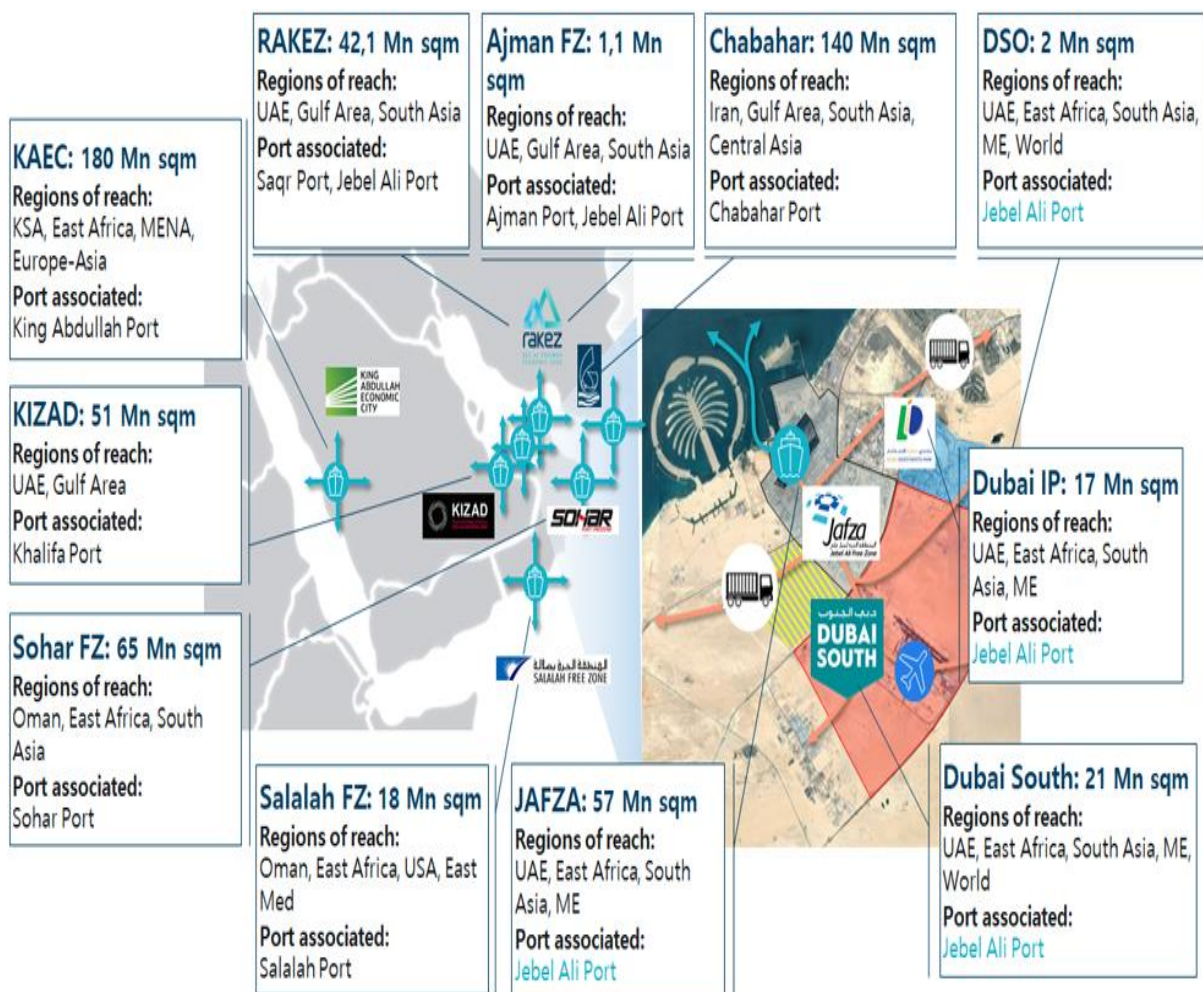
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➤ Competition from the MENA

Region The sustainability and preference of Dubai as a logistics hub can be influenced by the development of ports and free zones in surrounding regions, such as Saudi Arabia, Bahrain, Qatar, Djibouti and Egypt. In the Middle East, the UAE was ranked twenty-seventh globally in 2014 according to the World Bank LPIs while Qatar occupied the twenty-ninth position. Other competing corridors in the Middle East are the Jeddah Logistics Zone (KSA), the Port Said Logistics City (Egypt), the Port Salalah (Oman) and the Doha Logistics Park (Qatar) which could create some degree of competition to the DLC. As these other GCC countries are intensifying and upgrading their own logistics industry to emerge as alternative regional hubs, thus posing as emerging threats to the UAE’s position as the preferred logistics hub in the Middle East.

➤ Competition from other Industrial logistics parks in GCC.



➤ Geopolitical events

One of the most important challenges that Dubai faces is global geopolitics, especially due to its location in the Middle East. The Gulf has been exposed to fluctuating instability for several years, which has had an impact on Dubai's addressable markets. Below is a list of some the most relevant geopolitical events with their associated potential impact on Dubai's positioning in the mid-term:

- Iran crisis - Trade from/to Iran is restricted from the UAE, so it opens up import, export or hub opportunities for countries where sanctions are not applied in full (i.e. Russia, Qatar, Turkey). The Hormuz Strait crisis since beginning of 2019 has jeopardised Dubai's positioning as a hub and gateway. On 17 May, the London insurance market's Joint War Committee extended the list of waters deemed high risk to include Oman, the UAE and the Gulf after separate ship attacks off Fujairah. Insurance costs for ships operating through the region increased by at least 10%.
- Yemen conflict - A large natural market for Dubai remains mostly closed. The Gulf of Aden requires additional security measures that entail premium insurance costs. If the situation worsens, alternative routes to the global maritime route (through the Red Sea) will likely gain momentum. This is the case of the new belt and road initiative promoted by China. Dubai's potential does not seem as promising as that of other ports such as Gwadar, or the Central Asia railways. Tensions with Iran, who is very sensitive to the conflict, may jeopardise Dubai's logistics chains.
- Trade war between the US and China - Global Sea trade is suffering the drop in imports from China, and port hubs are already perceiving a drop in traffic. China is focusing its efforts on increasing their commercial ties with alternative partners.

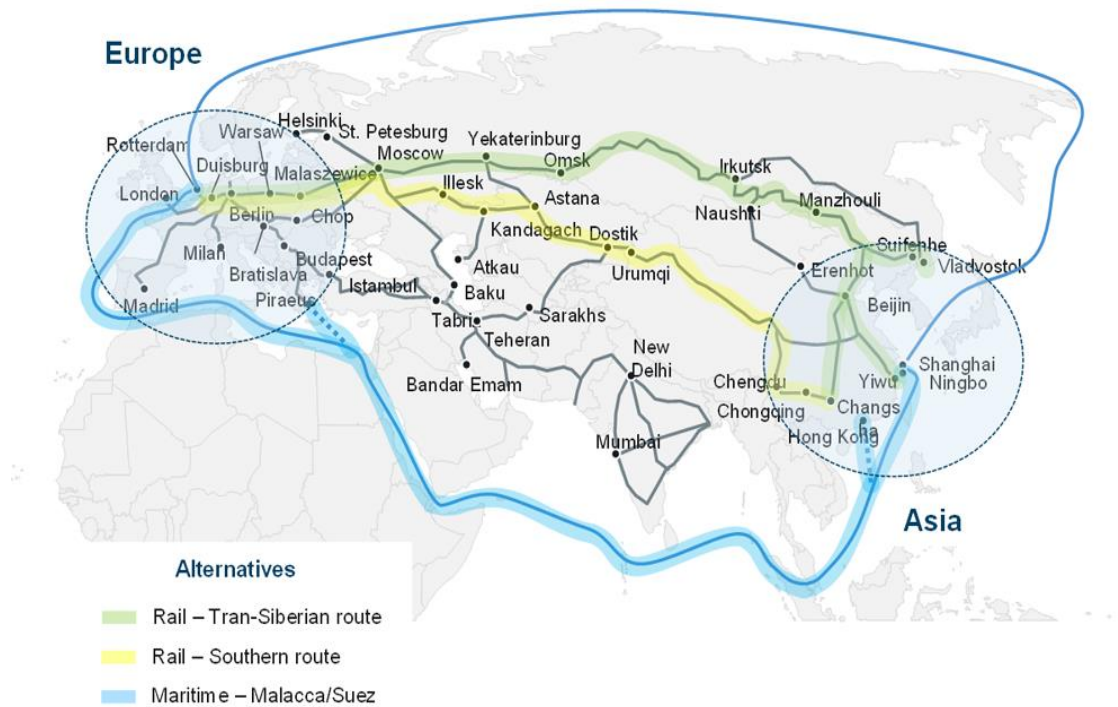
➤ Opening the Arctic route

The ice melting in the Arctic is opening up a new landscape for maritime transport: three possible routes are being explored as an alternative to the current Asia-Europe sea trade (i.e. the Northern Sea Route, the Northwest Passage and the Arctic Bridge). The closest route to the Arctic Circle centre is the Northern Sea Route. This route is available for oil and gas vessels all year around, thanks to the new ice-breaking oil and gas tankers. Bulk carriers operate in summer and transport materials from the northern mines (zinc from Alaska, iron ore from Canada). Regarding container ships, The Northern Sea Route has only been completed by Venta Maersk and the results were: the trip was 10 days shorter than the southern route through Suez Canal but required the support of an icebreaker. Arctic shipping routes are not expected to be cost-effective until the region's ice has significantly melted. The opening of a new route for container vessels through the Arctic is expected for 2050.



- China's One-Belt One-Road strategy: The new silk road

The concept was proposed in 2013 within the framework of China's action plan issued in March 2015. It is an economic and strategic agenda to make the two ends of Eurasia, Africa and Oceania more closely connected along two routes: one overland and one maritime. The initiative envisages the construction of 6 economic corridors and several key maritime points on land and on water.



Dubai is not included in any of the Chinese new silk routes, despite the fact it currently handles a large part of Chinese cargo that is later redistributed to countries included in the One-belt One-road strategy.

CHAPTER V
FINDING & SUGGESTIONS

FINDINGS

Most of the logistics activity in the country takes place through the utilization of ports and free zone areas. Having increased the number of warehouses and developed infrastructure and freight facilities, the city's excellence in logistics service sector has been a major factor for most of the development in the country.

- The transportation sector would expect a major change with the implementation of upcoming infrastructure development which mainly includes the GCC wide railway network with dedicated freight lines. The use of multimodal transportation (sea, air and road modes) ensures a smooth and efficient stream of the logistical flows positioning DLC as a tri-modal option presently and a quadra-modal system in the future.
- The goods manufactured in Asian countries are distributed through Dubai to various parts of the world, including Africa, the Middle East, the Russian Commonwealth and Eastern Europe within two weeks of transit time.
- Among the Arab regional countries, Dubai is very much advanced and has implemented several industry standards and codes for making business easy. The Government of Dubai has diversified its investment among various sectors to shift the economy away from dependence on oil.
- The establishment of companies in the UAE has been growing significantly. In fact, the cluster of logistics companies and its various types have been instrumental in uplifting Jafza's growth. The winning of Expo 2020 has had a great impact on the UAE logistics companies which are redesigning their transportation network by investing in four main areas: public transport, transit accommodation, warehouse facilities, and a strategic positioned site for high-scale supply chain.
- New projects in ports and other infrastructure synergies- Competitiveness is one of the main challenges faced by Dubai Ports. The ability to capture part of the growing natural markets (in which Dubai has been so successful) has pushed governments in the region to set port investment as their top priority. In the last years, massive investments have been made in the creation and the expansion of terminals. There are projects to increase capacity (expanding current ports or by building new ones) in the mid and long term.

- Public sector policies trends - While Dubai Ports has had a policy of prioritizing its own capabilities and financing to develop and operate terminals, many ports worldwide have preferred to enter into partnerships with third parties to share not only risks and responsibilities but also profits. This is the case of nearly all ports competing with Dubai, where the Port Authority has either conceded several or all terminals to other companies, or partnered with them as joint ventures. The seven main reasons for considering a joint venture in the development of Dubai's terminals are: limited financial capability, limited operational capability, become part of the global strategy of a shipping line, encourage competition, benefit from a G2G agreement or strategy, ensure continuity of a logistics chain, and national security.

SUGGESTIONS

- To derive full advantage out of the logistical infrastructure and services of the city of Dubai, the regulatory and administrative systems need to ensure seamless and efficient flow. All the administrative procedures need to be made available round the clock, 24/7.
- To achieve cost efficiencies and responsiveness in the global supply chain, Dubai's small geographical area must be fully utilized to cater to the international market in conjunction with a high degree of collaboration among the various key entities in the global supply chain.
- Another way to achieve cost efficiency is to provide properties and employee accommodation at lower rates in free zone areas as in Dubai Logistics City. The wages provided to the labour can in turn be reduced, thus reducing the cost of operations of organizations.
- Goods-in-transit can now be easily transferred between air and sea with no customs clearance within 4 hours. Similar measures must be implemented by the rest of the free zones and ports to reduce the lead times. The customs and border agencies need to be highly transparent.
- Dubai must encourage more international universities to start up and offer the necessary degrees and programmes in logistics. Logistics organizations must also engage in trainings. Organizations must also invest in research in logistics to attain new heights in the logistics platform.

CONCLUSIONS

This study has helped me to understand how strategically a country can make use of their location and take advantages globally. Dubai as a desert terrain country has done an immense strategic move to uplift their country to development and boost their economy. Dubai government rulers didn't limit themselves by their country main income from oil as other GCC countries do in the nineties and look more into tourism, logistics, technology, exhibitions etc. Dubai's vision and their rulers were ahead of future from other GCC countries, as a result of that Dubai is one of leading world's premium trade and logistics hub.

Dubai's as country of desert terrain there is no scope of production for export like other country as there is lack of raw materials and almost every item for consuming as it is to be imported from other countries. But Dubai didn't limit themselves by this competitive weakness and found the opportunities of transshipment hub by building a world class facility of a seaport, airport and free trade zone facilities where foreign companies are attracted to this country, where they find the competitive advantage of accessibility at the cross road of east and west. They find best location for their products for assembling, repacking or storing their products for last final delivery to close by countries. As Dubai government as also given them more ease and attractive value for starting a business in the country and Dubai as also taken strategies to attracting mother vessels to their port by linking terminals with major shipping lines and giving them competitive pricing and more business from these foreign companies who has started business in these free trade zones.

These steps taken by Dubai made them a head of other GCC countries and benchmarked themselves as a country who is competing with other developed countries. But still Dubai as to keep on updating more strategies in the fast-moving world and Dubai is also doing to it to run along the marathon with the other developed countries and to keep their leading position in the stance of international logistics.

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