

The United Arab Emirates

Logistics in the United Arab Emirates

The states in the United Arab Emirates (UAE) have grown tremendously fast in the past decade. Fifteen years ago, they were known primarily for oil exports. These states in the region are putting up new business pillars - including in the finance and logistics sectors. Given their geographic position as an interface between Asia and Europe, they are predestined for such businesses. In one indication of this, Dubai is constructing a huge logistics center.



Transport hubs in the United Arab Emirates

Geographic challenges of the UAE

The United Arab Emirates (UAE) is a country of desert. One particular problem is dune migration, and this problem can hardly be solved by vast planting of vegetation. The climate in the UAE is subtropical to tropical. There is very little precipitation - frequently, rain evaporates before it even reaches the ground.

Core countries for trade

The largest trade partners of the United Arab Emirates are [Japan](#), Korea, [Thailand](#) and [India](#). The most imports come from the [United States](#), [China](#), India, Japan, [Germany](#), [Great Britain](#), [France](#) and [Italy](#) [1].

Infrastructure in the UAE

In Dubai, one of the world's largest logistics centers is being built. Acting as a logistics interface on a very limited amount of space, the Dubai World Central will bring together one of the world's largest harbors, a freight airport and a large free-trade zone. After the final expansion phase, the airport will have seven runways. Rail transports have played no role at all in the UAE. But plans have been drawn up for the first line [2, 3].

Logistics requirements and service areas

Thanks to its good geographic position as an interface between east and west as well as its excellent infrastructure, Dubai is an ideal contract logistics location. In a reflection of this, service providers for various European automakers operate central replacement-parts warehouses in Dubai that cover the entire Middle East.

In the area of CEP, strong growth is forecast for the years ahead. International service providers are expanding their networks and locations on the Persian

Gulf so that they can react to the large demand for express products in the United Arab Emirates. The companies want to provide customers with an even broader variety of services. The major focus here is B2B services.

As a rule, international companies must establish subsidiaries with local partners before they can do business in the UAE. But special zones like the Dubai World Central, where international companies may invest directly, are the exception to the rule [2, 3].

Logistics centers in the UAE

Thanks to high growth rates in air and sea freight, Dubai has become a logistics hub in the UAE - and beyond. Air and sea freight forms a connection between the UAE and the outside world. The foundation for the development was the construction of the Jebel Ali harbor at the end of the 1970s. Together with the adjacent free-trade zone, this harbor forms the heart of the logistics center in Dubai. Jebel Ali has become the largest container harbor between Rotterdam and Singapore. In 2005, it ranked ninth among major container harbors. This success is based on a good technical infrastructure. For instance, Jebel Ali has the world's largest container cranes, which can load four containers at the same time.

Today, the UAE and Dubai, in particular, are trying to duplicate the development in ship and harbor logistics in aviation. Thanks to its geographic position, the emirate is striving to become the most important air-freight hub between Asia and Europe. The major economic centers of Asia, with many residents and production sites, are just a few hours flying time from Dubai. In addition to India with more than 1 billion people, these areas include countries like Iran, Pakistan, Egypt, eastern Africa and the central Asia republics. The harbor and airport in Dubai are just 10 kilometers from each other and are directly connected. The shortest transshipping time in a transit between air and sea freight will be four to five hours [2].

Important logistics service providers

The UAE has more than 400 logistics service providers. Many are small agents. But the number of larger, integrated logistics service providers is increasing. Some even offer complete logistics solutions for third parties. The major international service providers include DHL, Kühne & Nagel, Schenker and Smart Logistics [2, 3].

Recommended reading

Fundamentals of Logistics Management | Grant / Lambert / Stock / Ellram
 2005

References

[1] The World Fact Book | Central Intelligence Agency 2007

[2] Vereinigte Arabische Emirate | Glosauer 2006. In: Transport und Logistik |

Bundesagentur für Außenwirtschaft (Hrsg.)

[3] Auf Sand gebaut | Voigt 2007. In: Logistik inside 6(2007)7/8

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