

GCC Contract Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

GCC Contract Logistics Market size is estimated at USD 9.16 billion in 2024 and is expected to reach USD 12.88 billion by 2029, growing at a more than CAGR of 7 % during the forecast period (2024-2029).

Following the onset of COVID-19, various logistics companies experienced obstacles, including supply-chain capacity bottlenecks and government restrictions, which resulted in the suspension of important services on particular routes and cost pressure and supply-chain management issues. On the other hand, contract logistics service providers who have used automated technology had advantages in dealing with the epidemic and the subsequent lockdowns.

Key Highlights

- The United Arab Emirates is part of several multilateral and bilateral trade agreements. The United Arab Emirates has strong economic ties with Saudi Arabia, Kuwait, Bahrain, and Oman in the GCC. Under the Greater Arab Free Trade Area Agreement (GAFTA), the United Arab Emirates has free trade access to Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, and Yemen.
- The Emirates also has signed agreements with other countries, including Pakistan, Algeria, India, South Korea, and the Netherlands. The United Arab Emirates has been focusing on improving its trade agreements to develop the level of trade and economic cooperation as per the laws prevailing in each country and diversify sources of the economy and sustainable development.
- The UAE Ministry of Economy has recently published the full text of the CEPA signed between the Government of the United Arab Emirates (UAE) and the Government of the Republic of India (India). The landmark agreement was signed on 18 February 2022, and has officially entered into force on 1 May 2022. Under the CEPA, both countries expect to boost bilateral trade from USD 60 Billion to USD 100 Billion within the next 5 years; key products that will immediately benefit from the Agreement include oil & gas,

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petrochemicals, minerals, textiles, agriculture, jewellery and gems, metals and more.

-In October 2022, The Crown Prince Mohammed bin Salman had launched the Global Supply Chain Resilience Initiative (GSCRI) to attract local and international investments in the supply chain sector. Aiming to raise SR40 billion (USD 10.64 billion) in its first two years, the initiative has set SR10 billion in financial and non-financial incentives for investors.

-The approach also relies on effective governance models to improve institutional work in the transportation and logistics sector. The strategy aims to boost the transport and logistics sector's contribution to national GDP to 10% by 2030 and the sector's non-oil earnings to the state's general budget by around SAR 45 billion. Saudi Arabia intends to raise the number of international aircraft routes from 99 to over 250 by 2030.

-Bahrain launched the region's fastest sea-to-air logistics hub as the Kingdom seeks to diversify its economy. The hub is expected to cut costs by 40% and reduce the turnaround time for containers, allowing customers to get their shipment in half the time. Bahrain will capitalize on its geographic position between Europe and Asia and on its proximity to regional target markets through its new multi-modal trans-shipment hub.

Gulf Cooperation Council (GCC) Contract Logistics Market Trends

Growth in E-commerce Driving the Market

To facilitate the trade and e-commerce market, the United Arab Emirates has come up with initiatives to develop its infrastructure and technology to implement a well-integrated transport system and logistics infrastructure. In 2020, the United Arab Emirates was the 30th largest market for e-commerce, with a revenue of USD 6 billion. The increasing e-commerce activities are expected to drive the UAE freight forwarding market. In the second quarter of 2021, statistics from the "State of the Retail Sector in the UAE" study highlighted that the recovery that began earlier in the year appeared to be continuing.

The United Arab Emirates is the 27th largest market for eCommerce with a predicted revenue of USD 10,205.5 Million by 2023, placing it ahead of Saudi Arabia. The global e-commerce boom is also fuelling demand for UAE warehouses. The UAE's e-commerce market is projected to grow by 8.4 percent annually to USD 17.3 billion by 2027, according to a report this week by Tradeling.

E-commerce in Saudi Arabia is experiencing rapid growth amid the COVID-19 pandemic, demanding stronger supply chains, which will drive the freight forwarding market. With an increase of 34%, the Saudi Arabian e-commerce market contributed to the global growth rate of 29%. The growing exposure of social media platforms in the region also contributed to more online engagement, which converted into e-commerce sales for businesses in the country.

E-commerce is expected to be one of the biggest growth drivers for the freight forwarding market in Saudi Arabia. According to sources, the number of users will reach 34.5 million by 2025, and user penetration is anticipated to reach 92.5% by 2025.

Increase in Warehousing opportunities

The UAE is one of the fastest-growing countries in the GCC region, owing to the rising importance of Dubai in world trade and its strong economic outlook. Bahrain offers some of the lowest setup and operating costs for a logistics business with cost savings of 30-40% compared to the rest of the GCC. This has encouraged several companies to invest in the country to set up businesses and access the GCC and the Arab world.

More warehouses must be built in the UAE to meet future needs, as high-growth industries such as e-commerce and manufacturing drive demand for industrial property. The Dubai Industrial Strategy 2030 hopes to generate an additional AED160 billion by the end of the decade by transforming the emirate into a global industrial hub.

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The UAE's Operation 300bn aims to increase the industrial sector's contribution to GDP to AED300 billion (USD 81.6 billion) by 2031, from AED133 billion in 2021. In October 2022, Edamah held a ceremony for its Sitra Logistics Park, a top-notch warehouse facility in Bahrain's logistics sector. Trident Warehousing signed a ten-year lease for an 8,137 square-meter building for USD 7 million.

In September 2022, International Maritime Industries (IMI), the largest shipyard in the MENA region, and Bahri Logistics, one of Bahri's business groups, announced a long-term deal to improve their supply chain through cutting-edge storage and logistics services.

Gulf Cooperation Council (GCC) Contract Logistics Industry Overview

The GCC contract logistics market is extremely fragmented. The contract logistics market is getting a lot of traction in the GCC region. It is often regarded as the best way for businesses to handle the growing cross-border flow of commodities while extending their logistical processes. The market is being driven by cost reduction, the availability of specialized service providers, the presence of industrial zones, and expanding industrialization.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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