



# Why the MENASA Region will Change the Current EMEA Distribution Landscape

**Economic Growth and Demographics MENASA Region**

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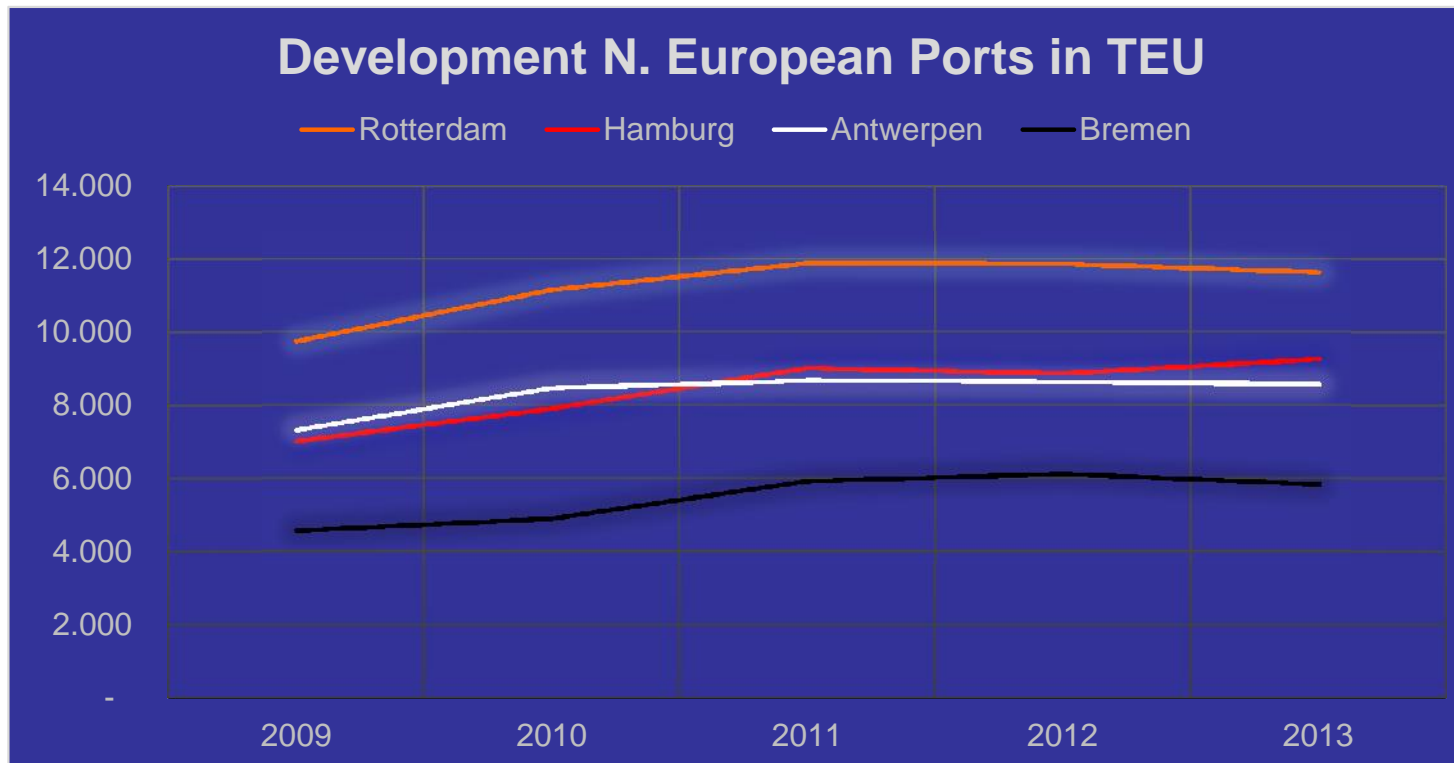
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**Connecting People, Business, Geographies**



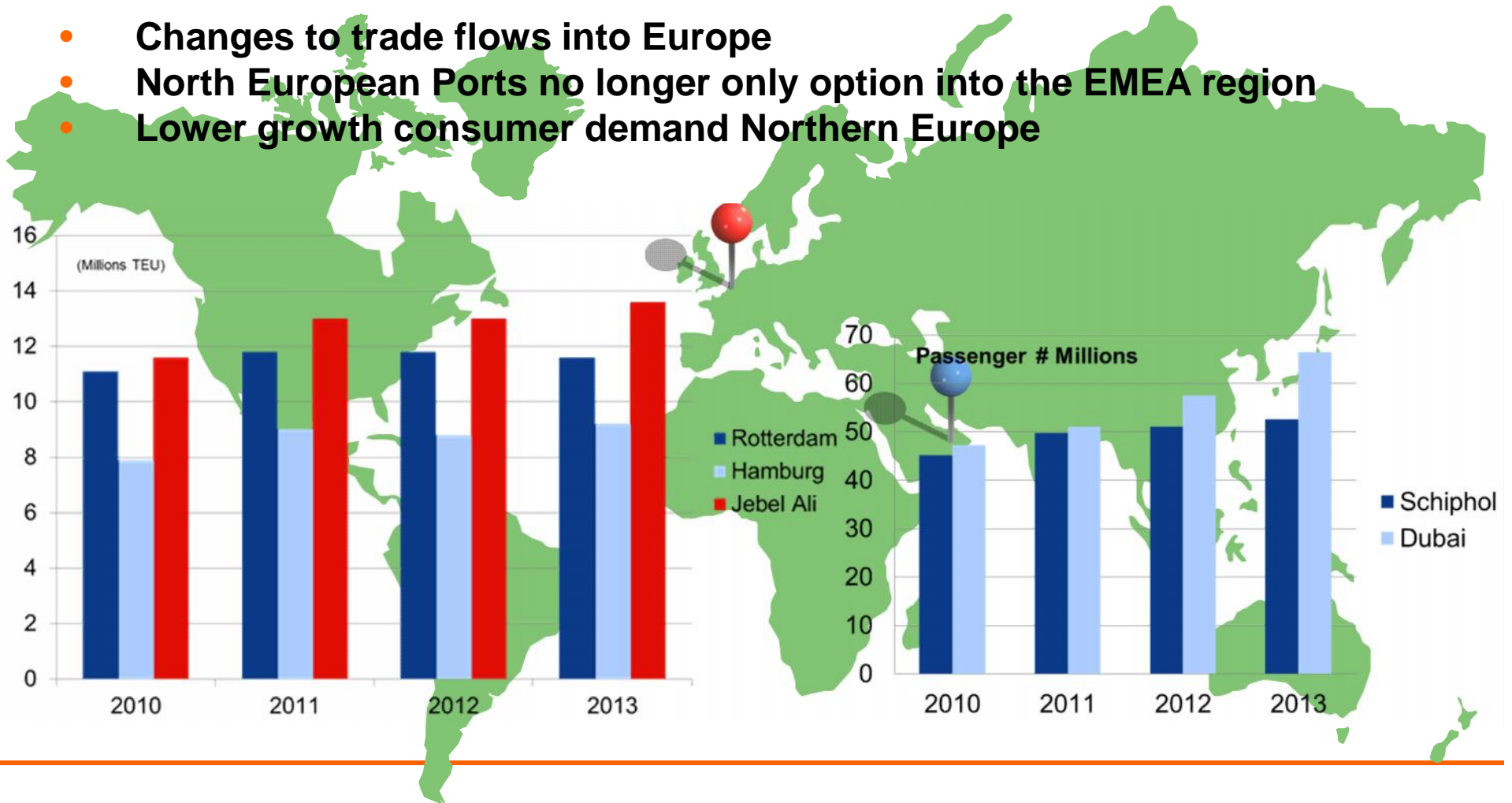
# What's Going on with Container Volumes in the Ports of Northern Europe?

Is there a problem of competitiveness or is there more going on?



# Aging Europe and Demographics

- **Changes to trade flows into Europe**
- **North European Ports no longer only option into the EMEA region**
- **Lower growth consumer demand Northern Europe**

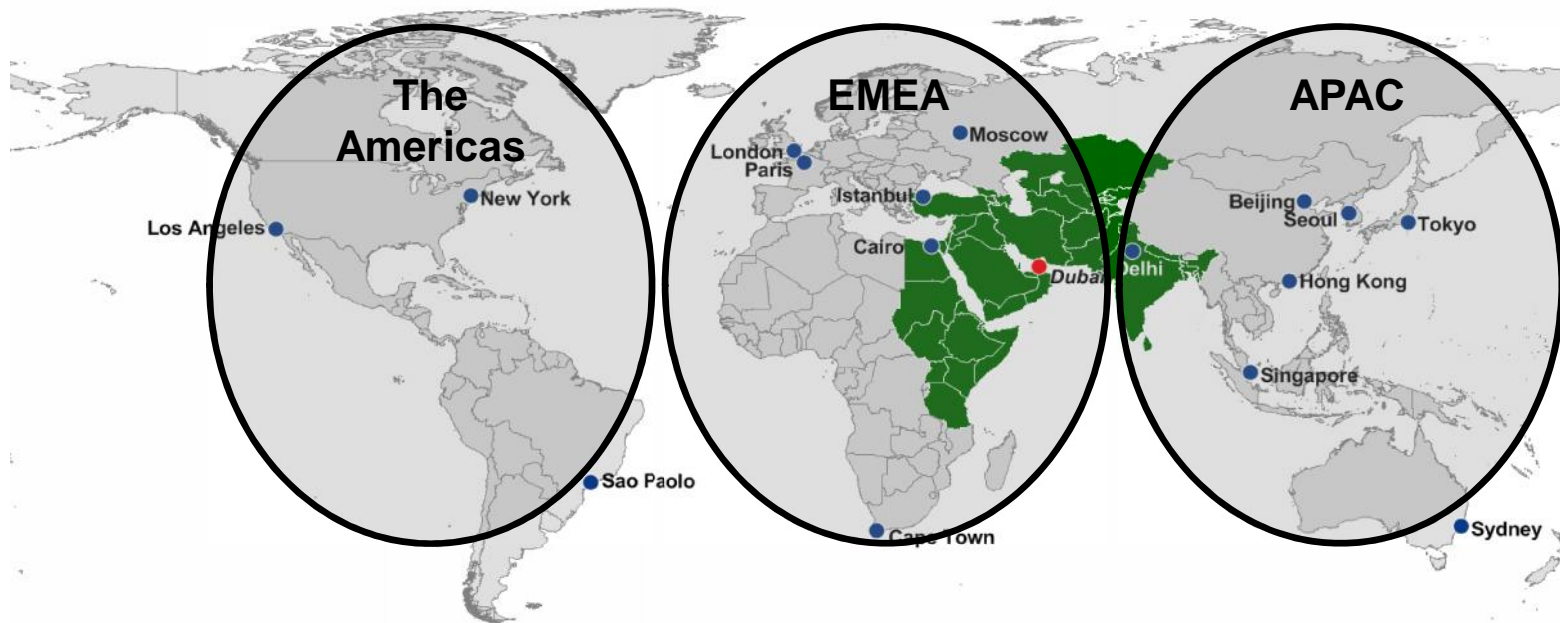


# Changing World – Welcome to MENASA

The MENASA region: emerging economic zone made up of the Middle East, North-East Africa, and South-West Asia sits geographically between Europe and Asia

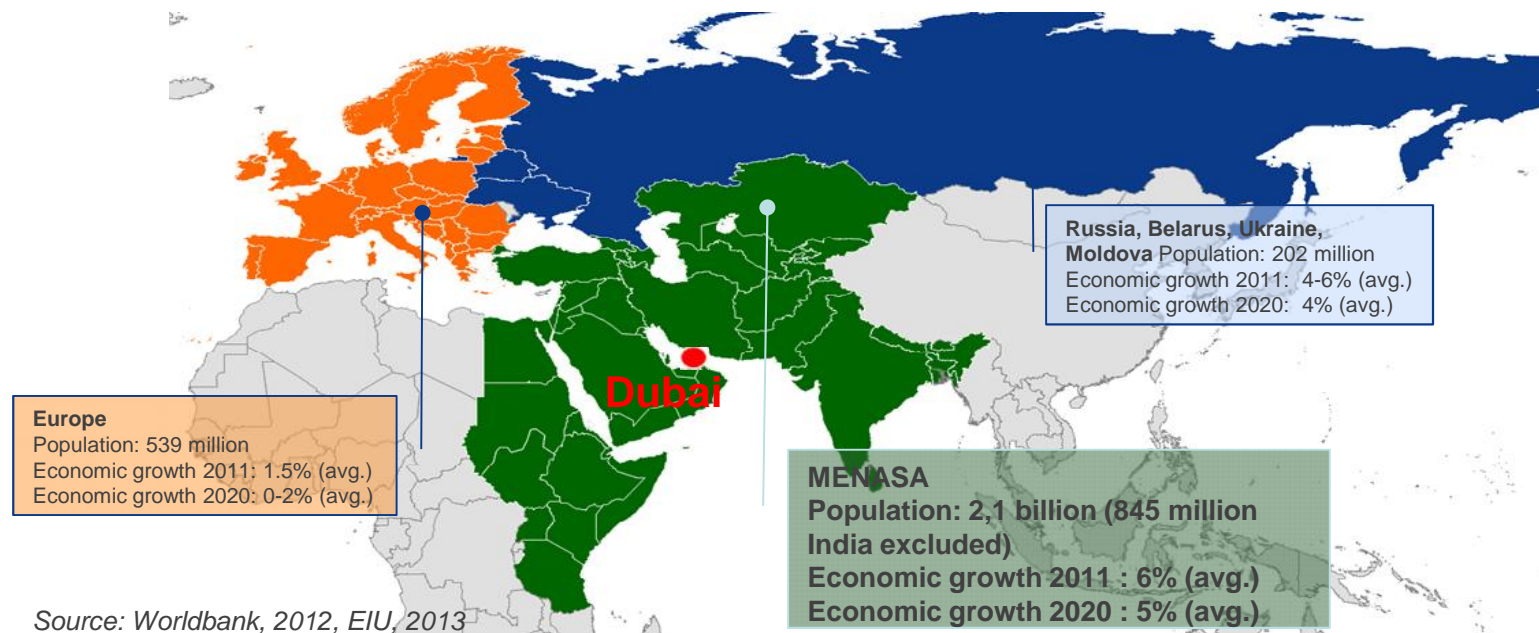
Most multi-nationals still organize their businesses based on the Americas, EMEA and APAC divisional structure

- Combined GDP > 5,5 trillion USD (2011)
- Fastest growing region
- 30% of global population
- 51% under 25 years
- 55% global oil reserves (2011)



# Economic Shift from Europe to MENASA

- **Economic growth** within the EMEA and Central Asia (CA) has **shifted** from West to East
- **Growing Middle Class** and Rising Prosperity within the MENASA region
- Economic opportunities will increase further within the **MENASA**
- Dubai's gateway function within the MENASA region is a key focus of further development

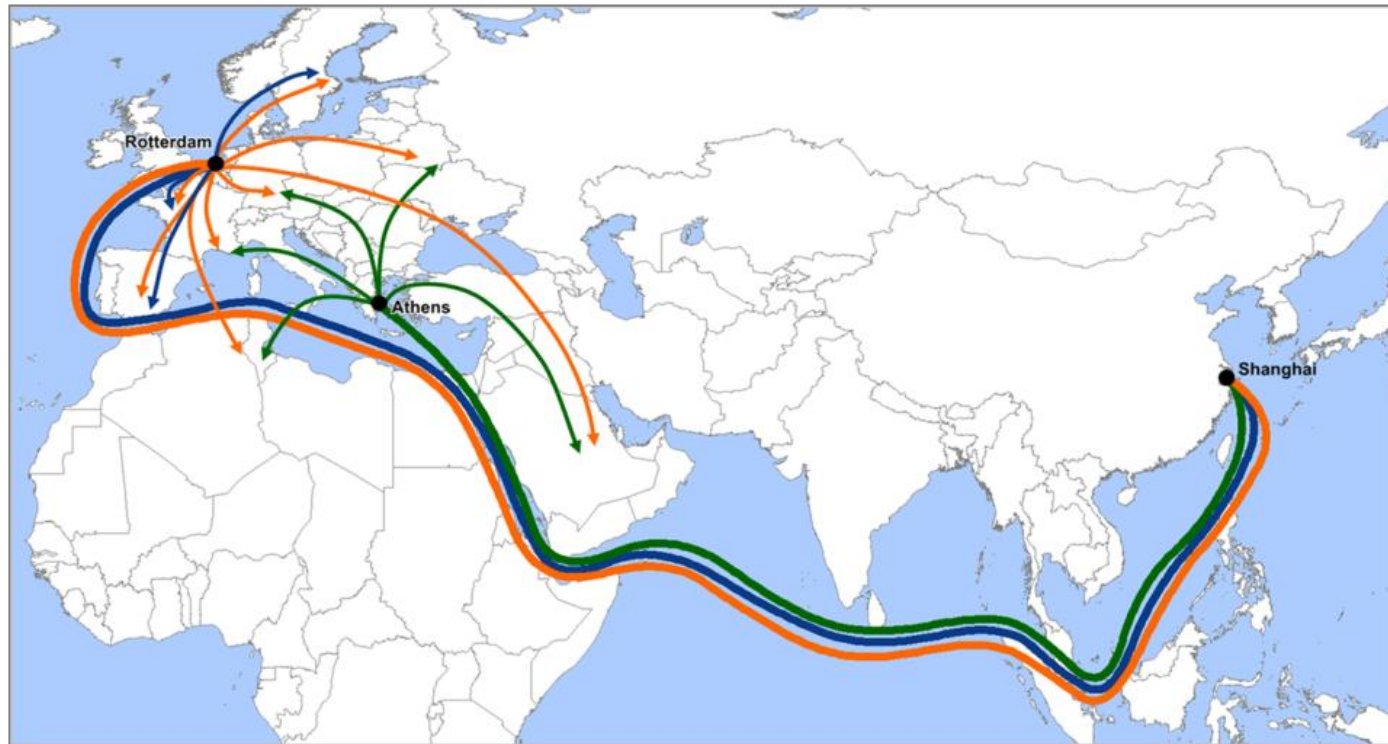




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# Traditional Trade Flows and Distribution EMEA

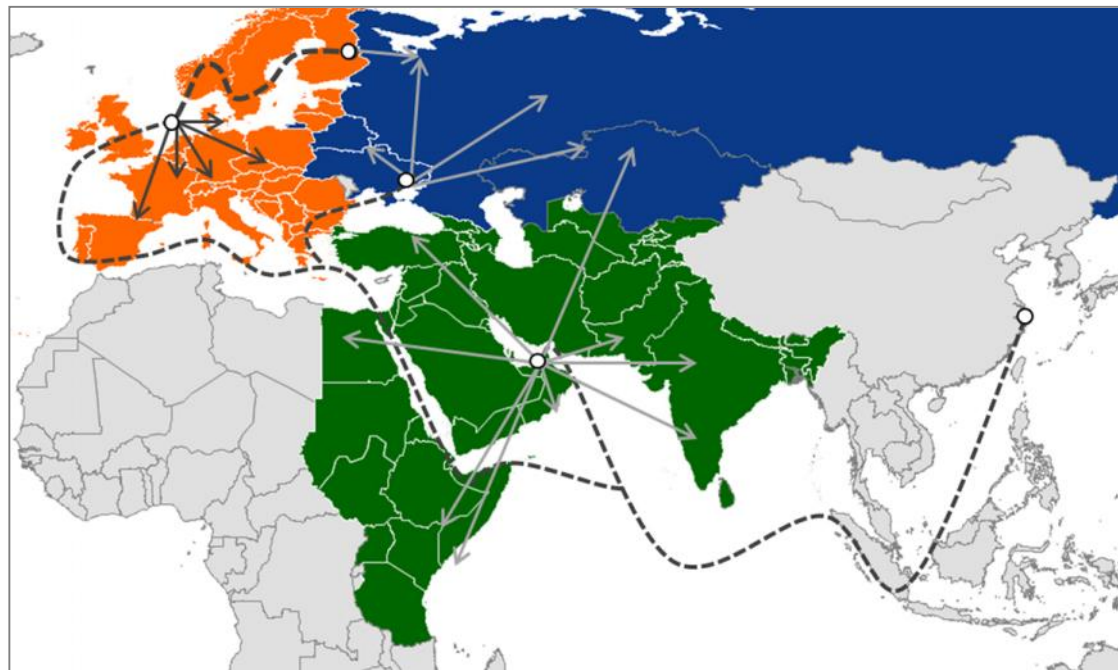
**Traditional trade flow** where goods into the EMEA region first travel to a DC in the EU and from there are distributed into the region. This is the typical distribution model operated by most companies until the 2010 period. This model is starting to change in the past 5 years.



# Trade Flow and Distribution Changes

**Future trade flows** where the EMEA distribution model will split up into new regions including the MENASA.

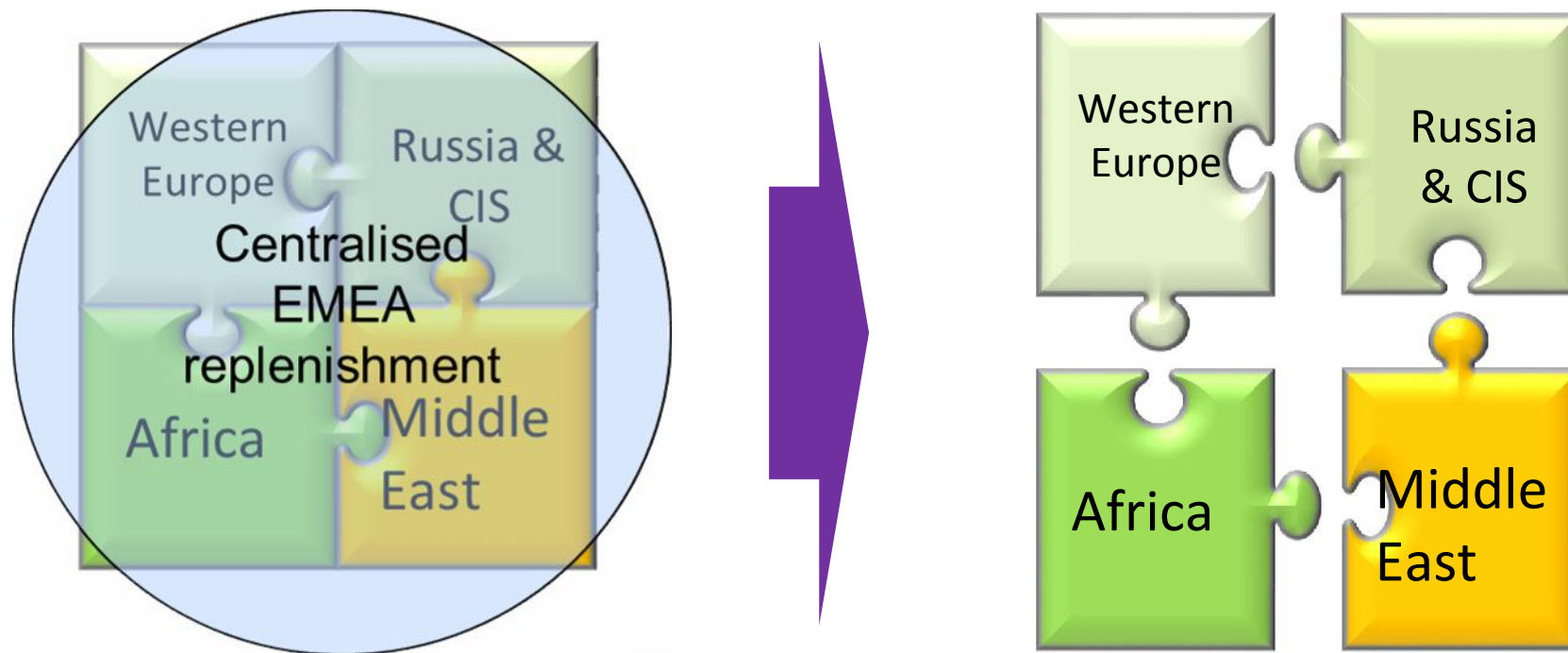
The Middle East, Eastern Africa and the Indian region **will grow naturally into its own distribution cluster** for logistics services and distribution.



Distribution for this region **will gradually change** from being serviced as part of the EMEA region - typically from EDC's in Western Europe - to having its own stand alone distribution model in which **Dubai is well positioned as logistics and distribution gateway.**

# Shifting Distribution Hubs

Belgium and Netherlands past 20 years distribution hub into Europe  
**Future direction:** Inventory volumes for Russia, Eastern Europe, Middle East, Africa will move closer to their respective markets





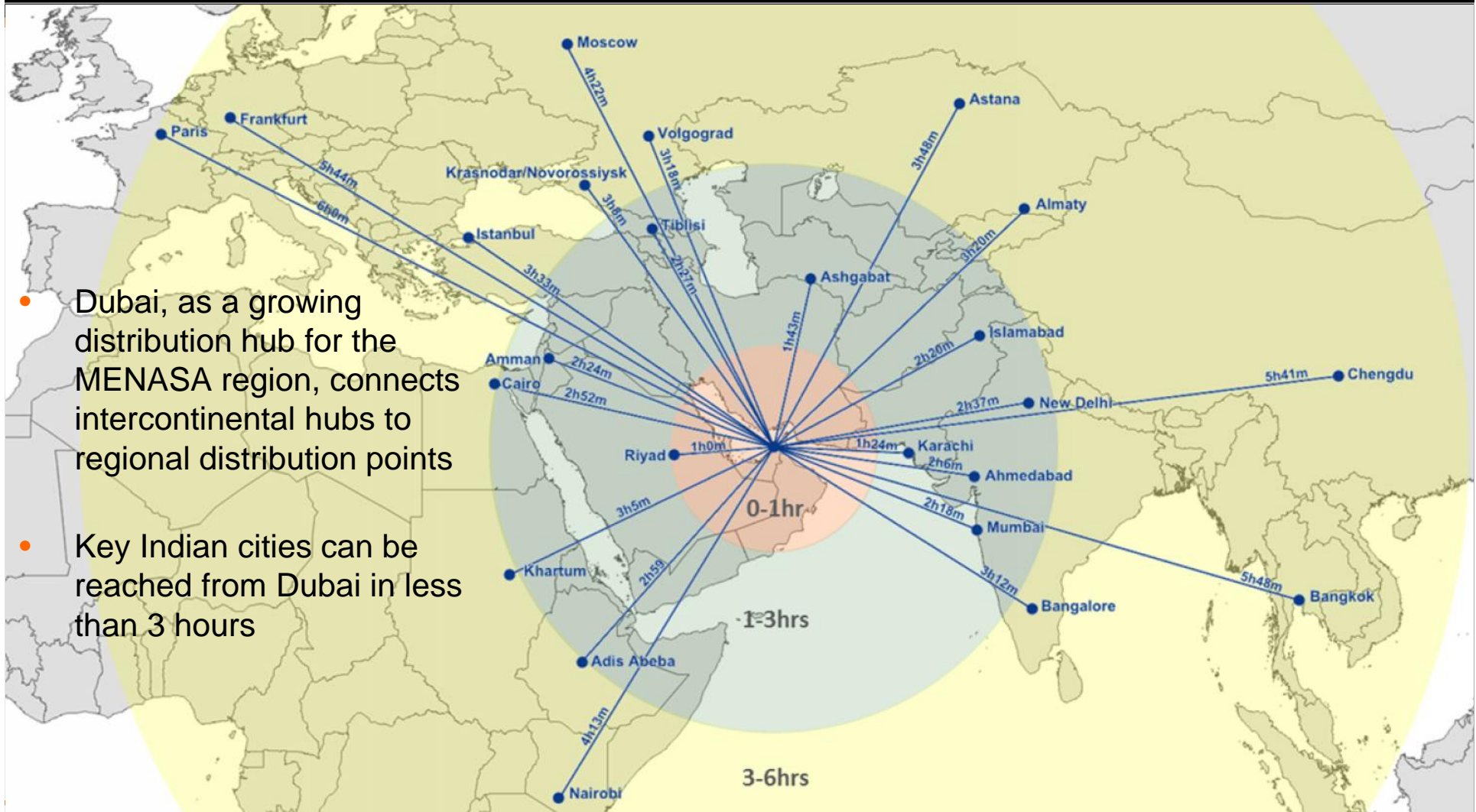
# Developments of the Region





# Flight Times From Dubai – Connecting the World

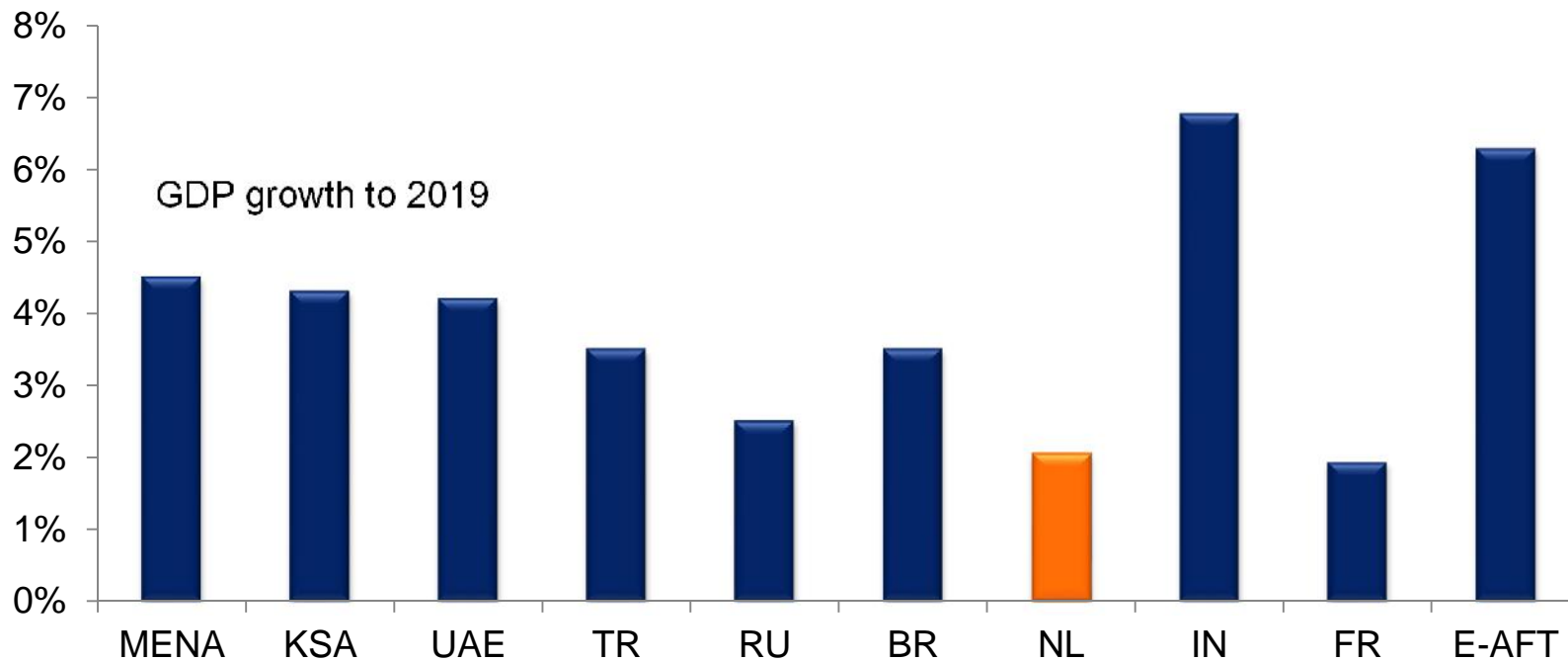
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- Dubai, as a growing distribution hub for the MENASA region, connects intercontinental hubs to regional distribution points
- Key Indian cities can be reached from Dubai in less than 3 hours

## GDP Growth comparison

- MENASA accounted for 9% of total world GDP in 2013
- This will increase to 10% by 2019
- MENASA economic growth outpaces developed economies and even “older” emerging markets like Turkey, Brazil and Russia.

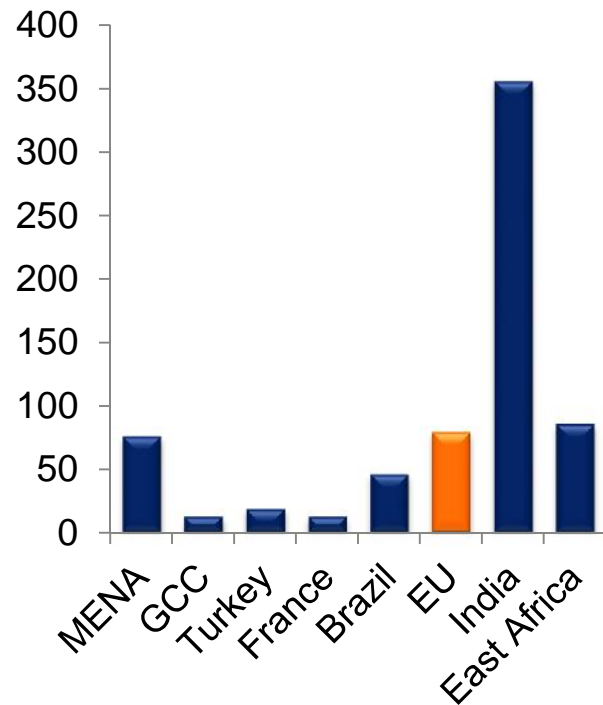


Source: Worldbank 2014

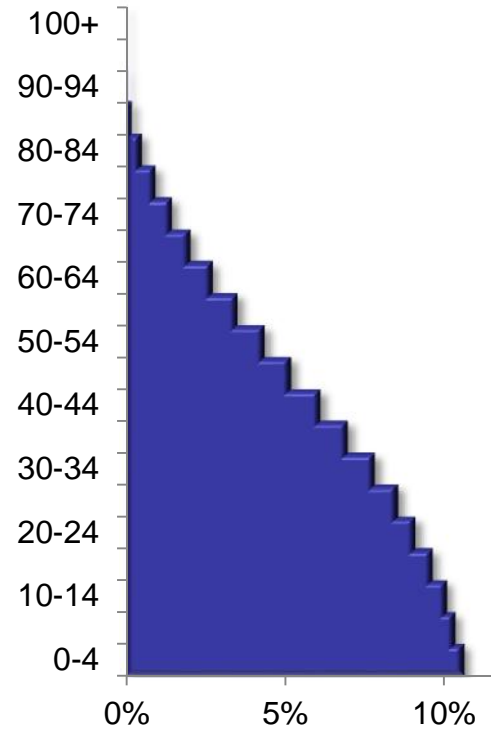
# MENASA Demographic Comparison

**With 30% of the 0-14 global age bracket the MENASA region is young: India accounts for 20%, MENA for 5% and East Africa for another 5% of all the children in the world**

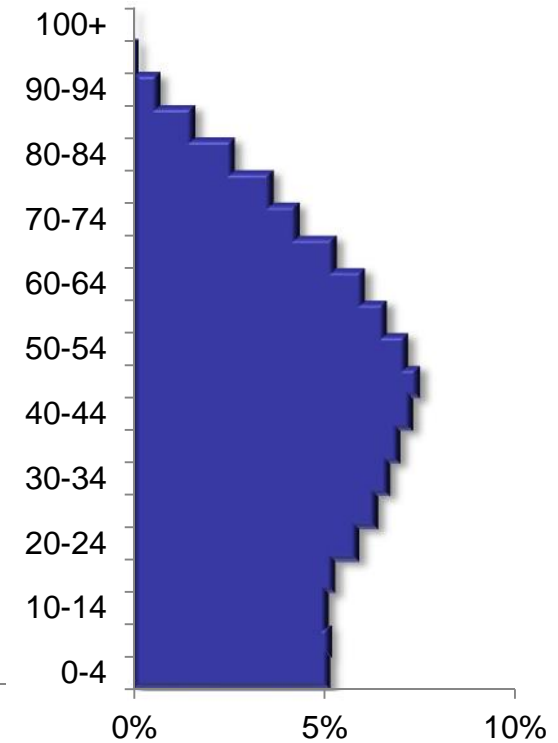
**Children (0-14 yr)  
in Million**



**MENASA  
Age distribution**



**EU Age distribution**



Source: Worldbank, IMF

Source: Census

## Gulf Co-operative Council (GCC)



- Saudi Arabia, Kuwait, Oman, United Arab Emirates, Bahrain and Qatar
- Total population estimated at 41 million inhabitants.
- GDP (nominal)
  - Est \$1,103,235 million
  - Per capita \$22,083
- The GCC is a loose economic trading bloc with common import duties
- Public sector Infrastructure and logistics investment spending 1 Trillion USD between 2012-2020

# Ports and Connectivity



# Strong Infrastructure Developments

- The countries of the Gulf Cooperation Council (GCC) **plan to invest USD 968 billion** in major projects over the next ten years. This investment includes 1,638 projects
- Just for roads and railways, the oil-rich countries plan to direct \$ 97 billion from 2011 to 2020, U.S. \$ 79 billion for rail, including trains, subways and trams.
- The most ambitious project, valued at U.S. \$ 30 billion, is the railroad that will connect all the countries of the GCC,
- For roads construction, investments are put at \$ 18 billion.



# Dubai as Gateway to MENASA

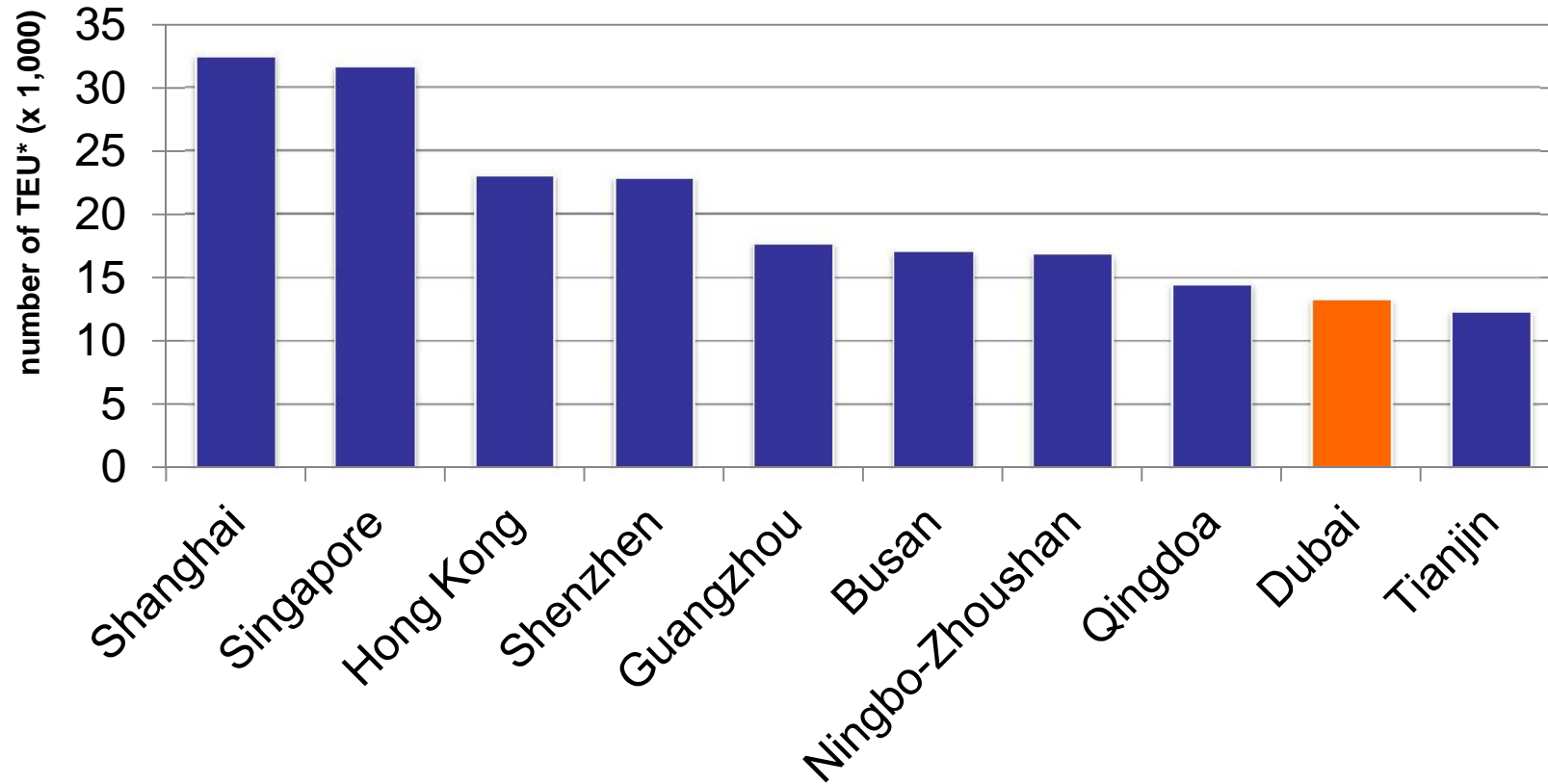
## Dubai Global Ranking:

- 2014 No. 1 Airport in passenger numbers (52 Million passengers)
- 2014 No. 6 Airport in freight (1.7 Million tonnes)
- 2014 No. 9 Seaport in TEU (largest Non-Asian Seaport)
- May 2014, Dubai launches World Free Zones Organisation
- Dubai has a key gateway function within the GCC and beyond



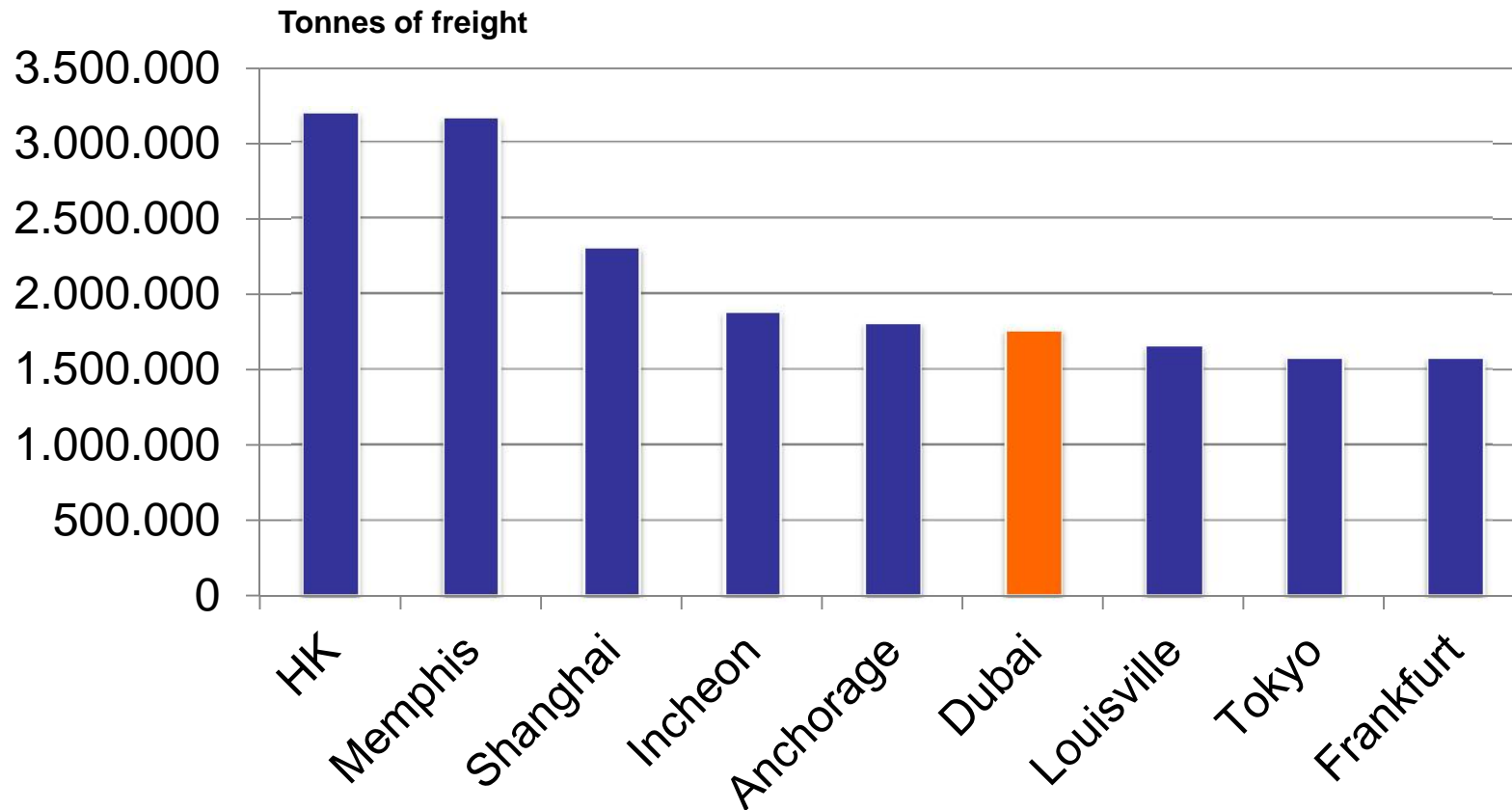


# Dubai Largest Non-Asian Port



\* TEU = Twenty-foot Equivalent Units, 2013

# Dubai No. 6 Airport\* in the World



\* Source: based on ACI's preliminary 2014 (January to September) 9 month figures



## Key Take Aways

- The world is changing. Future growth opportunities lie outside traditional West European markets.
- The MENASA region offers long term business opportunities.
- Dubai/UAE can serve as a gateway into the region. Easy to set up a business. Low tax regime. Free trade zones for positioning of regional inventory to support your business into the MENASA region.
- Different culture and complex region means that success is not guaranteed overnight but is a long term investment.

For questions about the distribution and/or the set up of your business in the Middle East, please do not hesitate to contact us.

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# Europhia Consulting



Eelco Dijkstra is Managing Partner of Europhia Consulting. His company specialises in logistics and supply chain management consultancy and market development for companies around the world. He first founded his company in 2006.

Over the past few years he has been extensively involved in logistics projects in the Middle East both in the Public and Private sector and has written various industry

reports on the Logistics Industry in the Middle East including a Report for the Dutch Consulate in Dubai on the developments of the industry and the opportunities for Dutch companies in 2013.

In recent years, Eelco has worked as Strategy Consultant with Buck Consultants International where he worked on supply chain consultancy projects for multinationals around the world. These projects ranged from strategy to supply chain optimisation, to procurement and go to market studies.

Eelco has worked for various logistics service providers. Between 2010-2011 he was Sales & Marketing Director with Kuehne & Nagel and a member of the Dutch Executive Board. Between 1998 and 2005 he worked with TNT Express. In his last position within TNT he was Regional Director APAC responsible for the corporate accounts in High-Tech and based in Singapore.

Eelco has worked and lived around the world and has an interest for the global logistics industry and is a frequent speaker at conferences on a range of supply chain topics.



# Management Consulting Activities

Europhia Consulting provides management consulting services in the area of international supply chain strategy, supply chain design and commercial distribution models. The company is based in Dubai, the United Arab Emirates and works with its clients around the world to focus on strategic and tactical elements of their supply chain business.

Supply Chain  
Strategy

Supply Chain  
Optimisation

Business  
Development

**Geographical focus:**

- Middle East
- Russia/CIS
- Turkey
- India
- Europe

**Key areas of expertise:**

- Market intelligence international distribution sector
- Healthcare and pharmaceutical distribution
- Fashion logistics and retailing
- e-fulfilment and e-commerce strategy
- High-Tech logistics and distribution
- LSP strategy and business development
- Spare Parts management and service logistics