



Kansen voor Nederlandse logistieke bedrijven in de Golf Regio

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Den Haag

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Managing Partner
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Current airline discussion is a bit like a game of monopoly

Choose your partners wisely

- Staatssecretaris Mansveld “Huwelijk met Air-France is prima”

NOS Nieuws 4 Juni, 2015



- KLM Air-France schrijft als groep al jaren rode cijfers
- Air-France schrapt nu ook vluchten om kosten te reduceren en dreigt bonden met rechter om tot nieuwe CAO afspraken te komen

NOS Nieuws 15 Juni, 2015

The World is Changing

2009	KLM, Air France announce 25% share via CAI in Alitalia
2014	Air France-KLM refused to participate in a €300m capital raising by Alitalia after failing to secure promises over restructuring. The subsequent share increase reduced its stake in Alitalia from 25 to 7%
2012	Etihad announces 29.2% stake AirBerlin
2012	Etihad 40% stake in Air Seychelles
2013	Etihad takes 49% stake in Serbia's JAT
2014	Etihad announces 49% stake Alitalia
2014	Etihad announces 5% stake Aer-Lingus
2014	Etihad increases stake in Virgin Australia to 22.1%



“Etihad has made small, piecemeal buys of Virgin before so this fits in with their strategy. They aren’t looking to take them over or anything like that,” said Saj Ahmad, the chief analyst at Strategic-Aero Research.

Airline Comparison

Airline	Started	2015 Size Fleet	Ave Fleet Age Years
Lufthansa	1926	276	11.1
KLM	1919	115	10.9
Air France	1933	232	11.3
Ryanair	1985	317	6.5
Emirates	1985	234	6.3
Etihad	2003	115	5.6
Qatar	1993	140	5.7
FlyDubai	2009	48	2.9

Passenger # Growth

Gulf Growth

Persian Gulf airlines have been among the fastest-growing in the world. Here's a look at their passenger traffic growth in 2014 compared with other major airlines.



Emirates, Etihad and Qatar Make Their Move on the U.S.

The Big Three Gulf Airlines Accelerate Their Push Into the World's Largest Aviation Market

Note: Passenger traffic measured in revenue passenger miles in August each year. A revenue passenger mile is one passenger flown one mile.

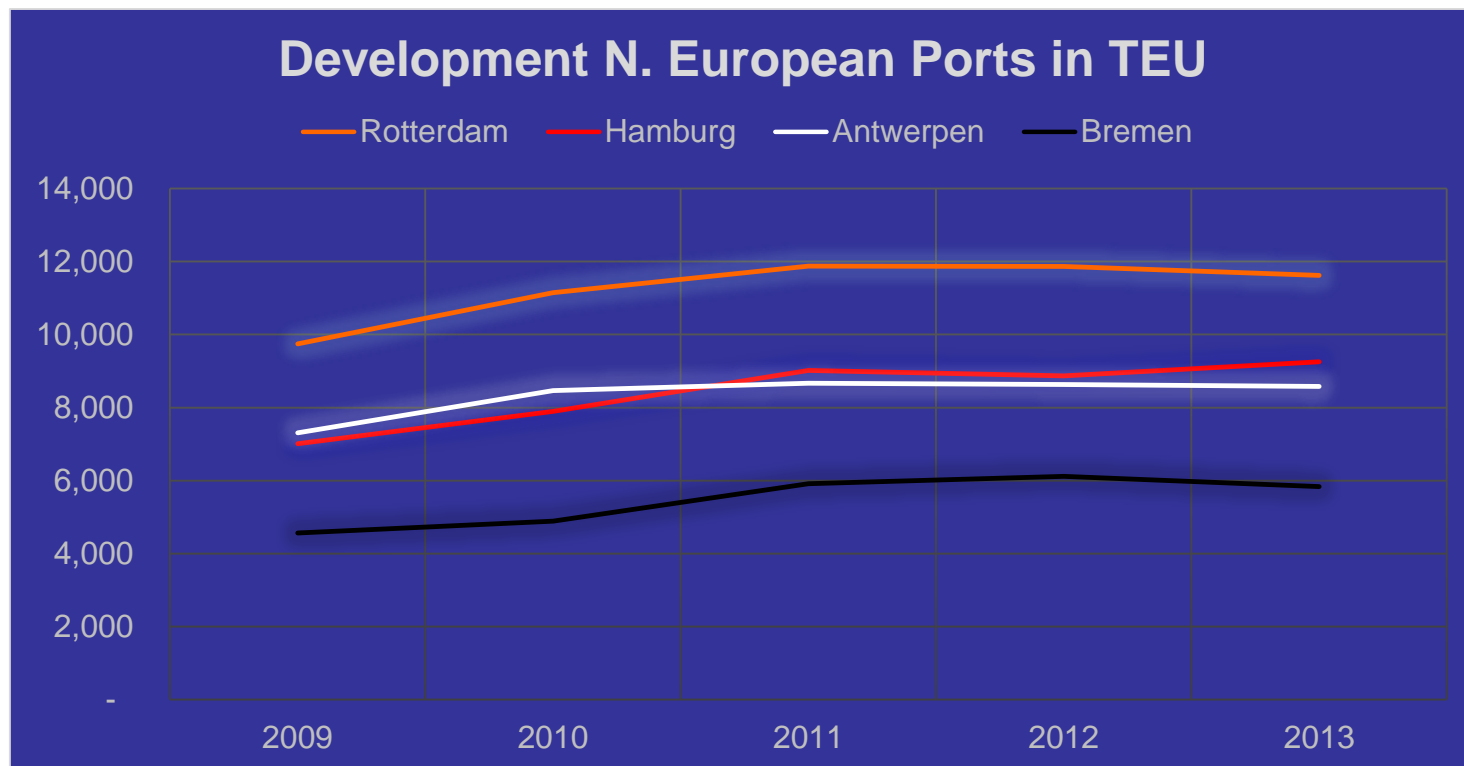
Source: Airline Business World Airline Rankings

The Wall Street Journal

But is it only about strategy?

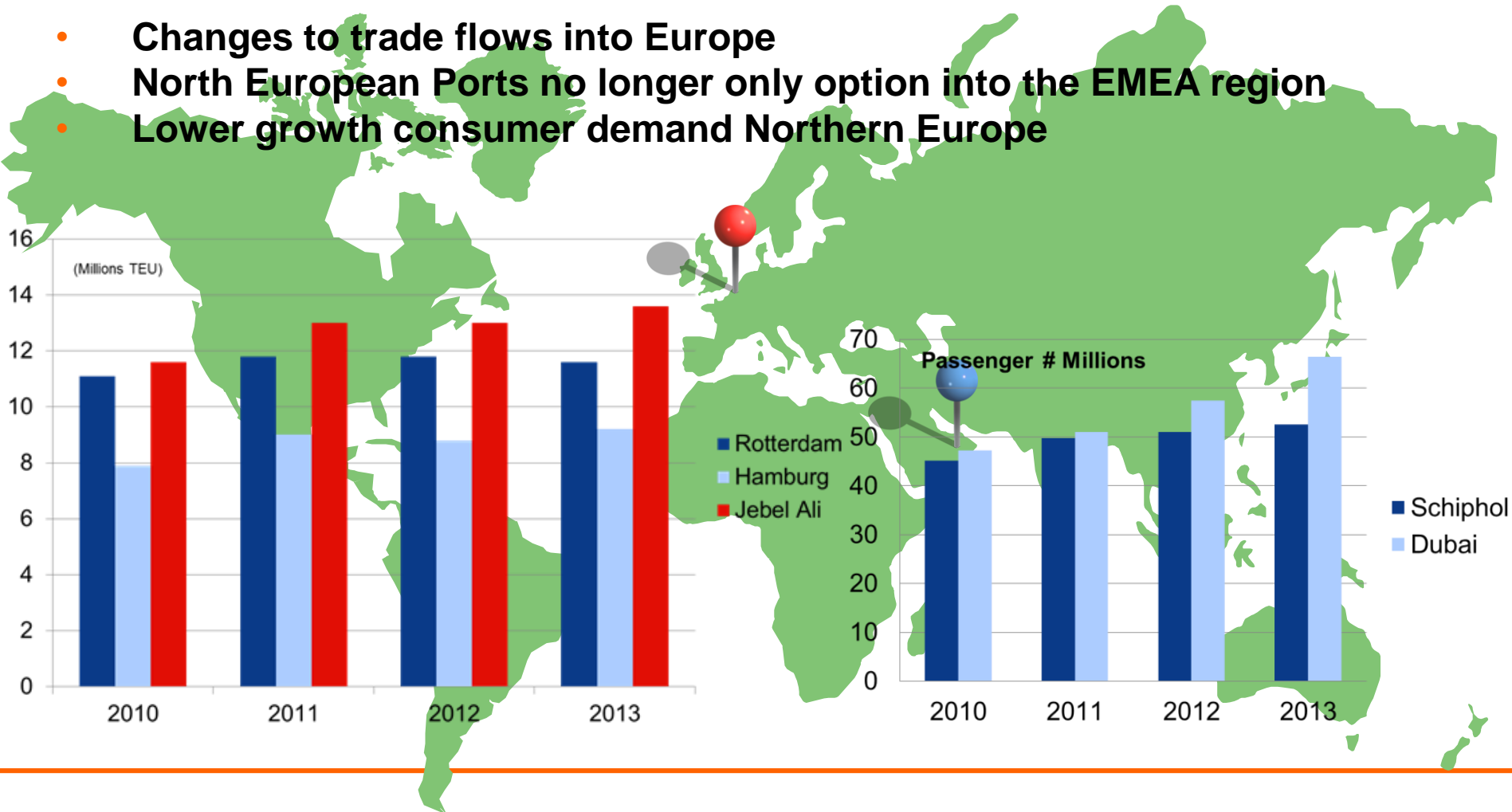
What's Going on with Container Volumes in the Ports of Northern Europe?

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**

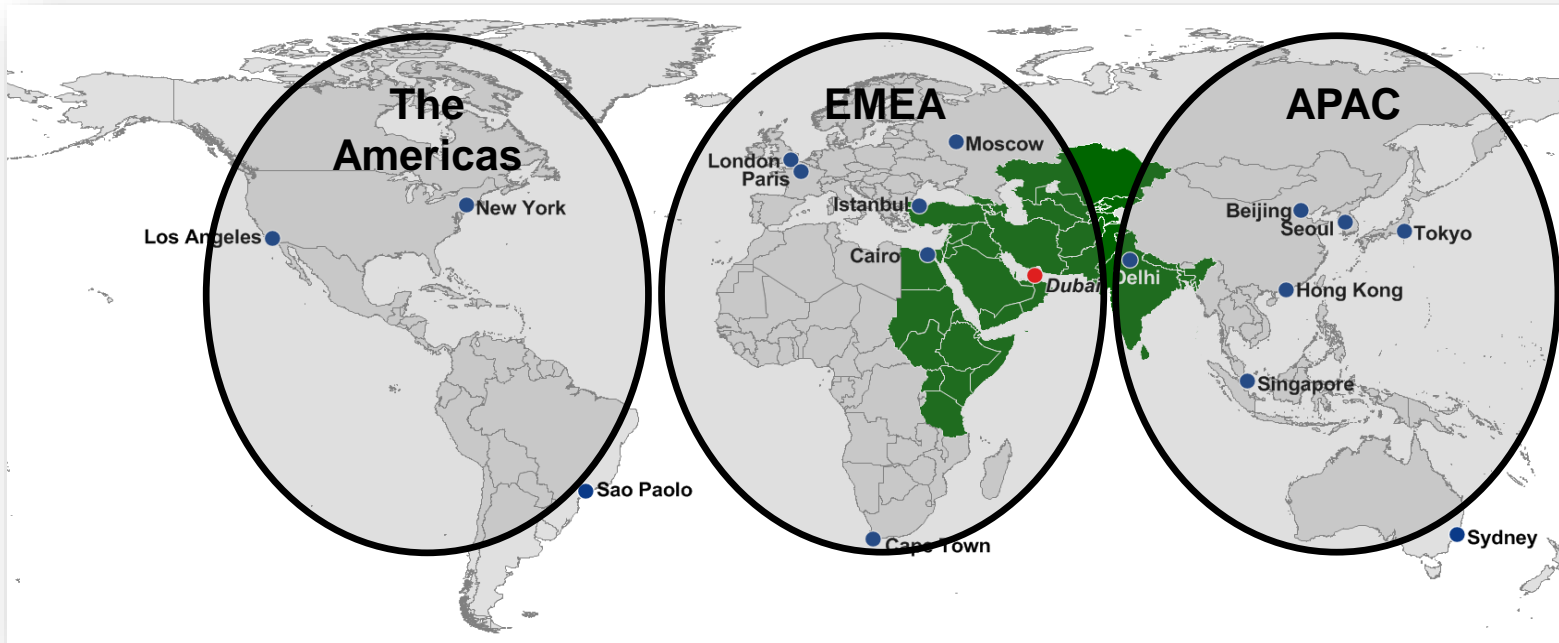


Changing World – Welcome to MENASA

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

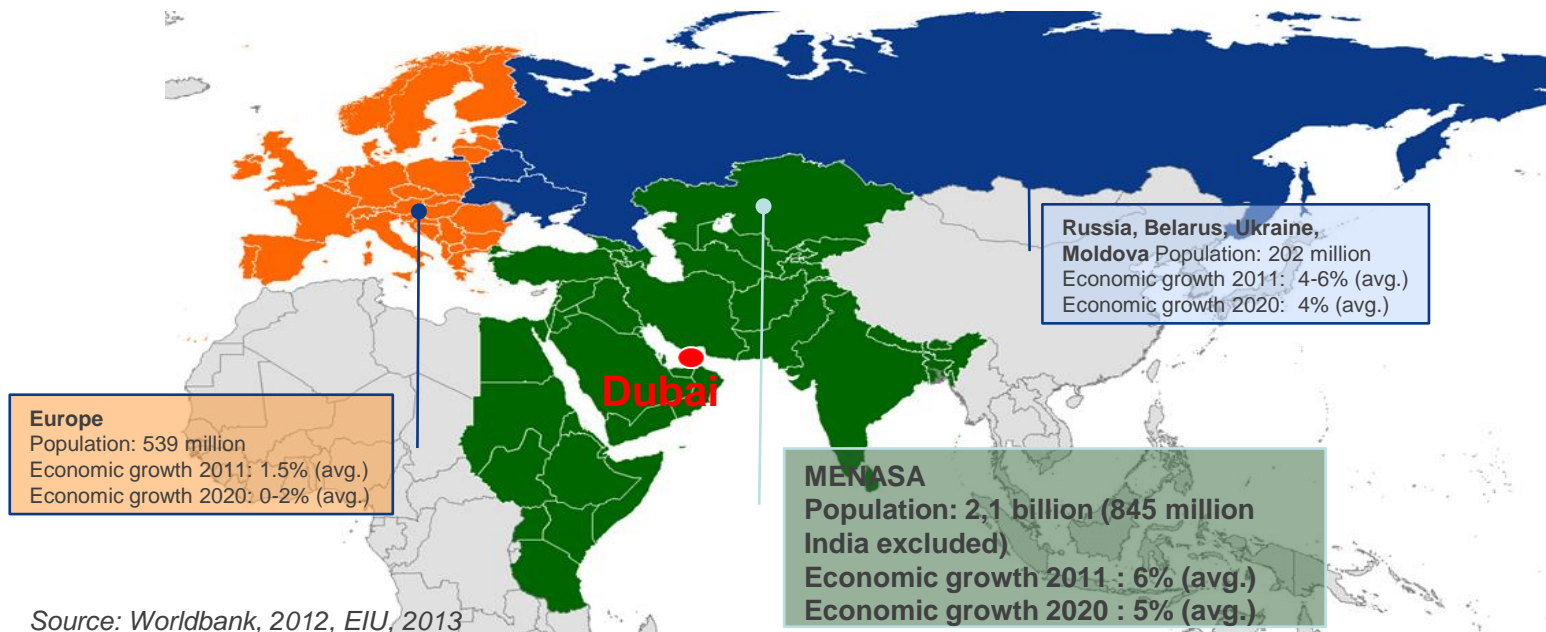
Most multi-nationals still organize their businesses based on the Americas, EMEA and APAC divisional structure

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

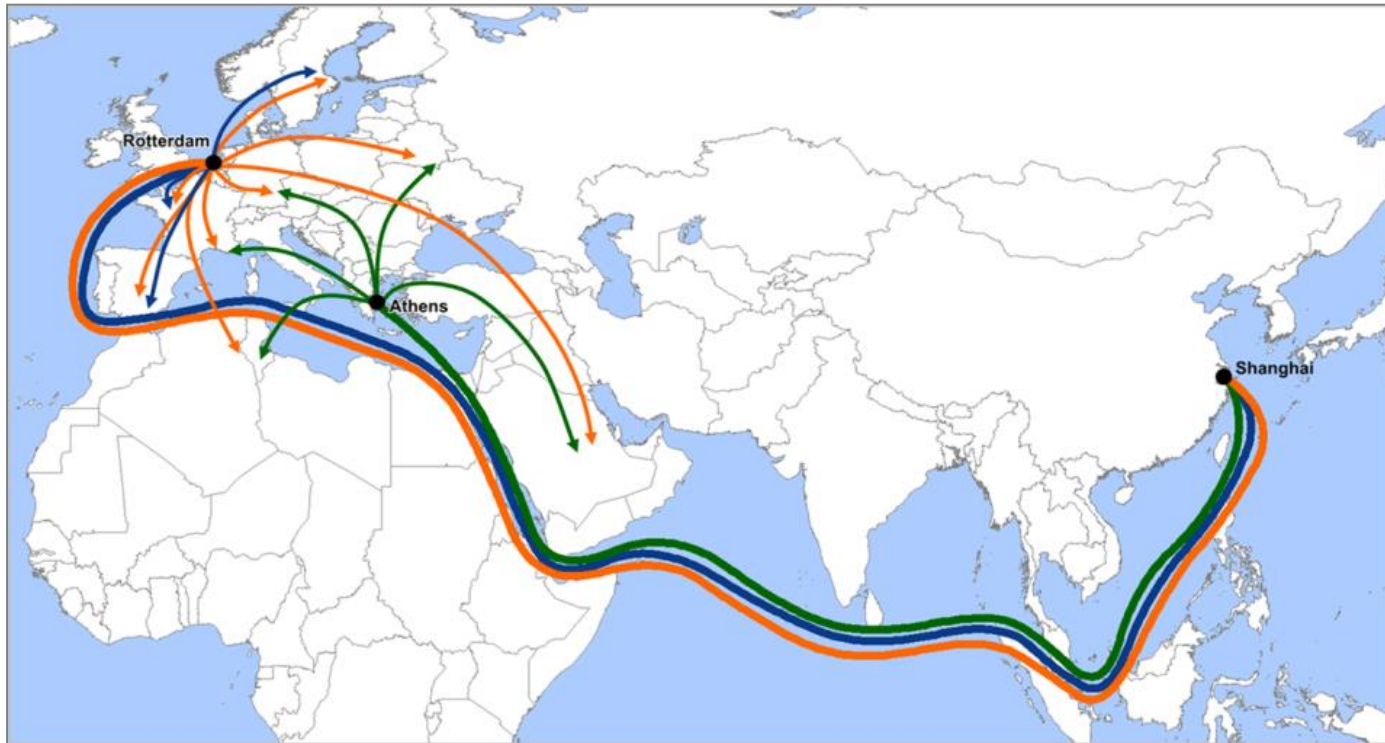


Economic Shift from Europe to MENASA

- **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



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.



New World



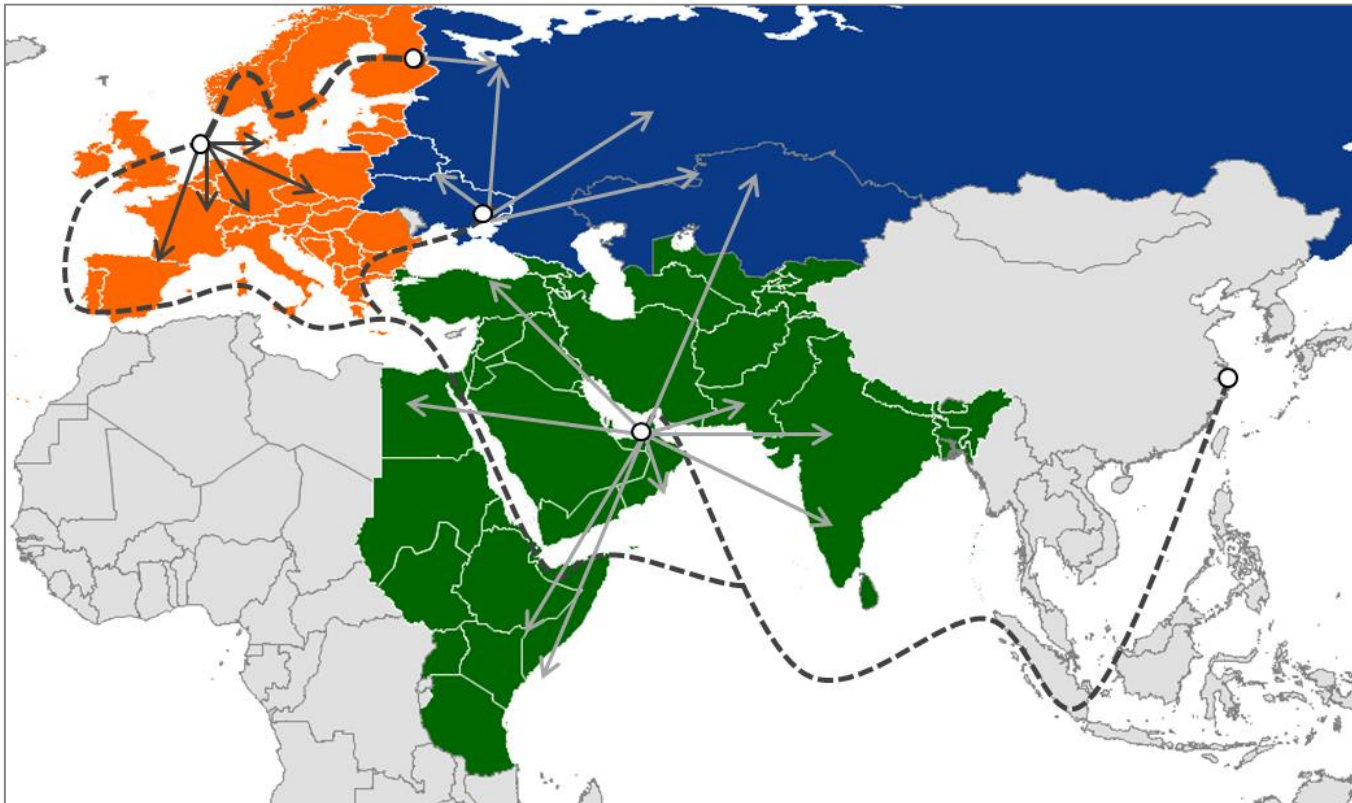


In which direction have you organised your distribution?



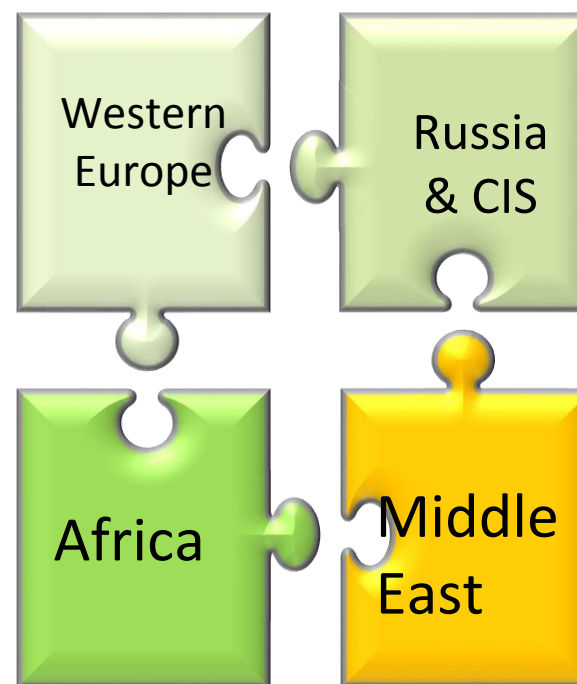
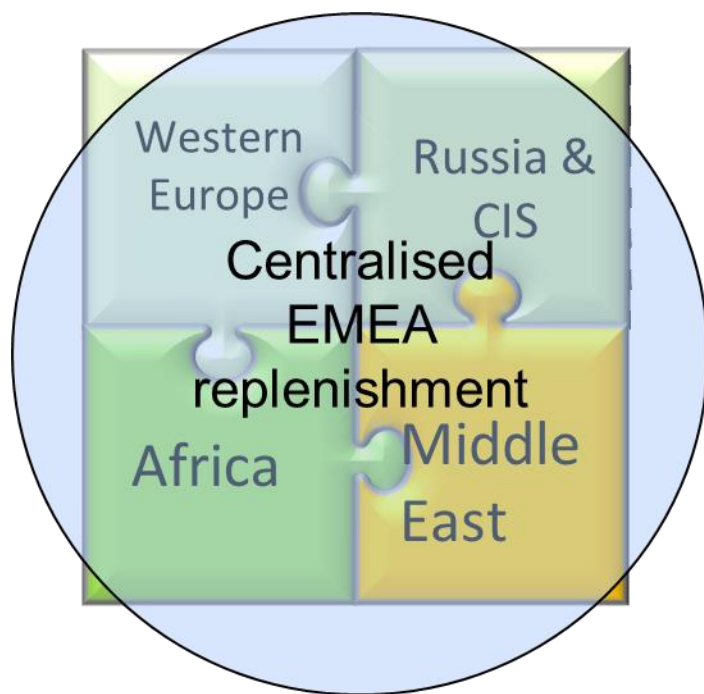
Trade Flow and Distribution Changes

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



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



Dubai as Gateway to MENASA

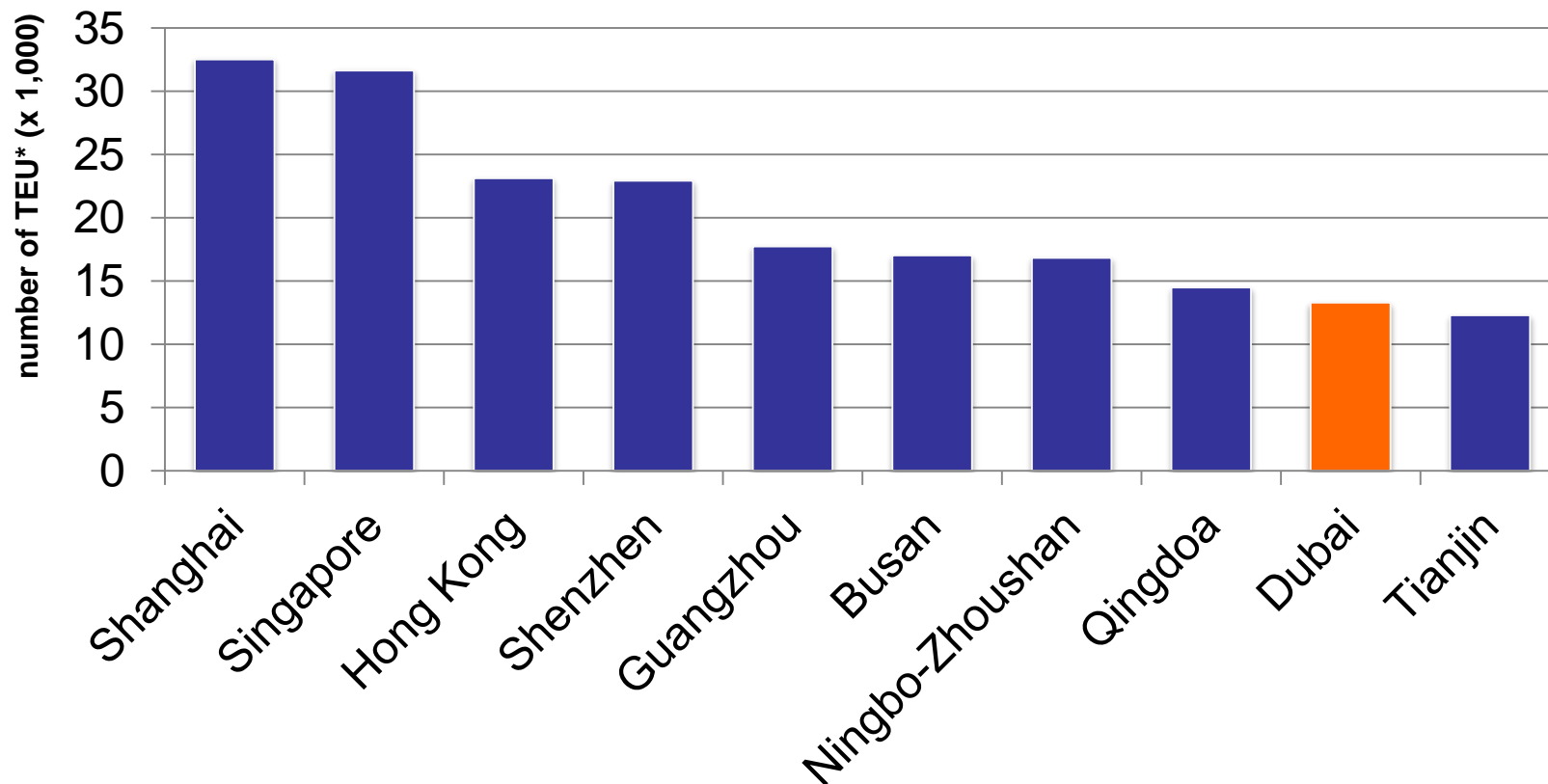
Dubai as BRAND to sell an upmarket experience in duty free, tourism, and to serve as connection hub for passengers and cargo in the wider region and the world



EXPO 2020
DUBAI, UAE



Dubai Largest Non-Asian Port



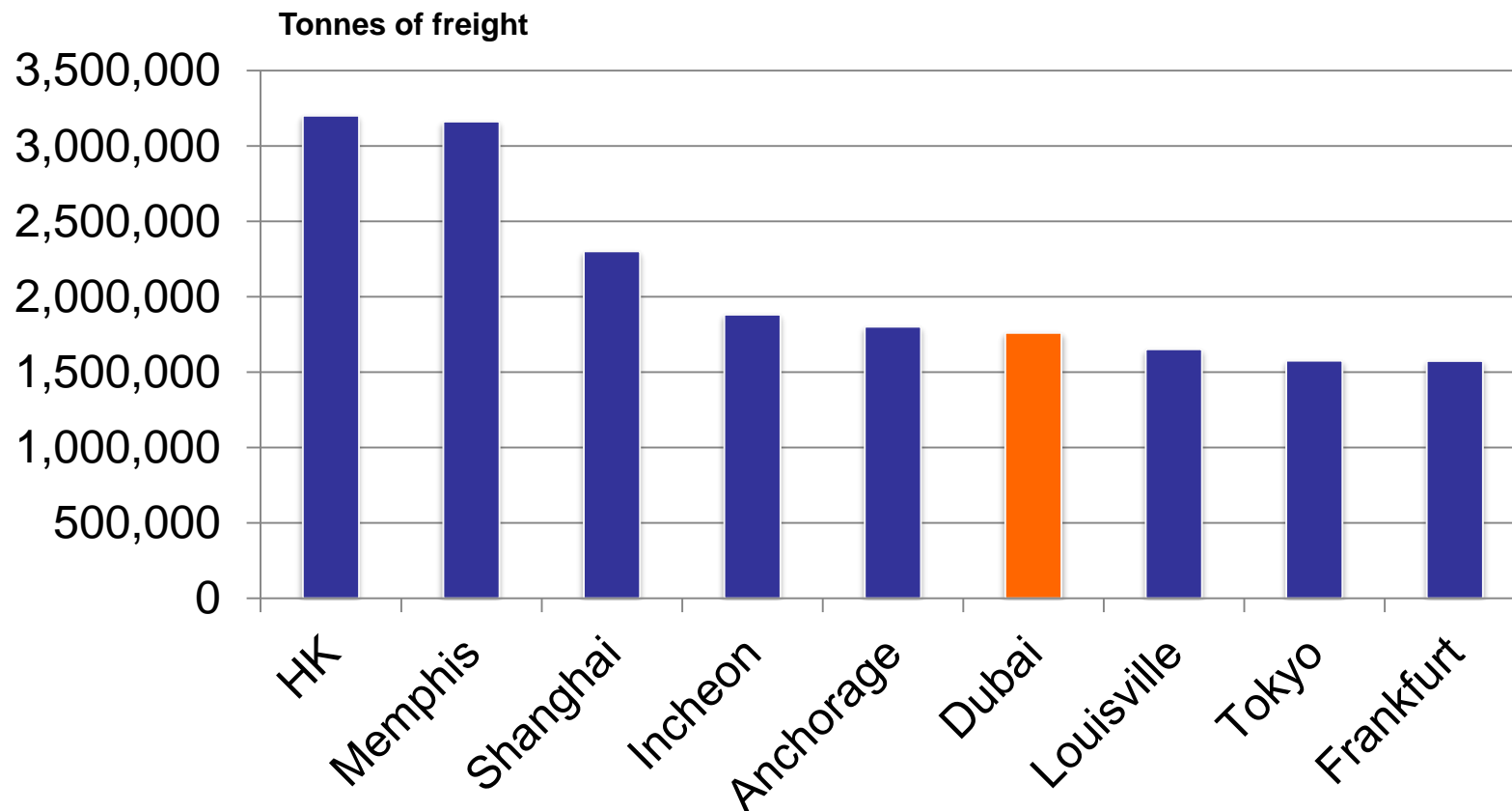
* TEU = Twenty-foot Equivalent Units, 2013

DP World Global Network



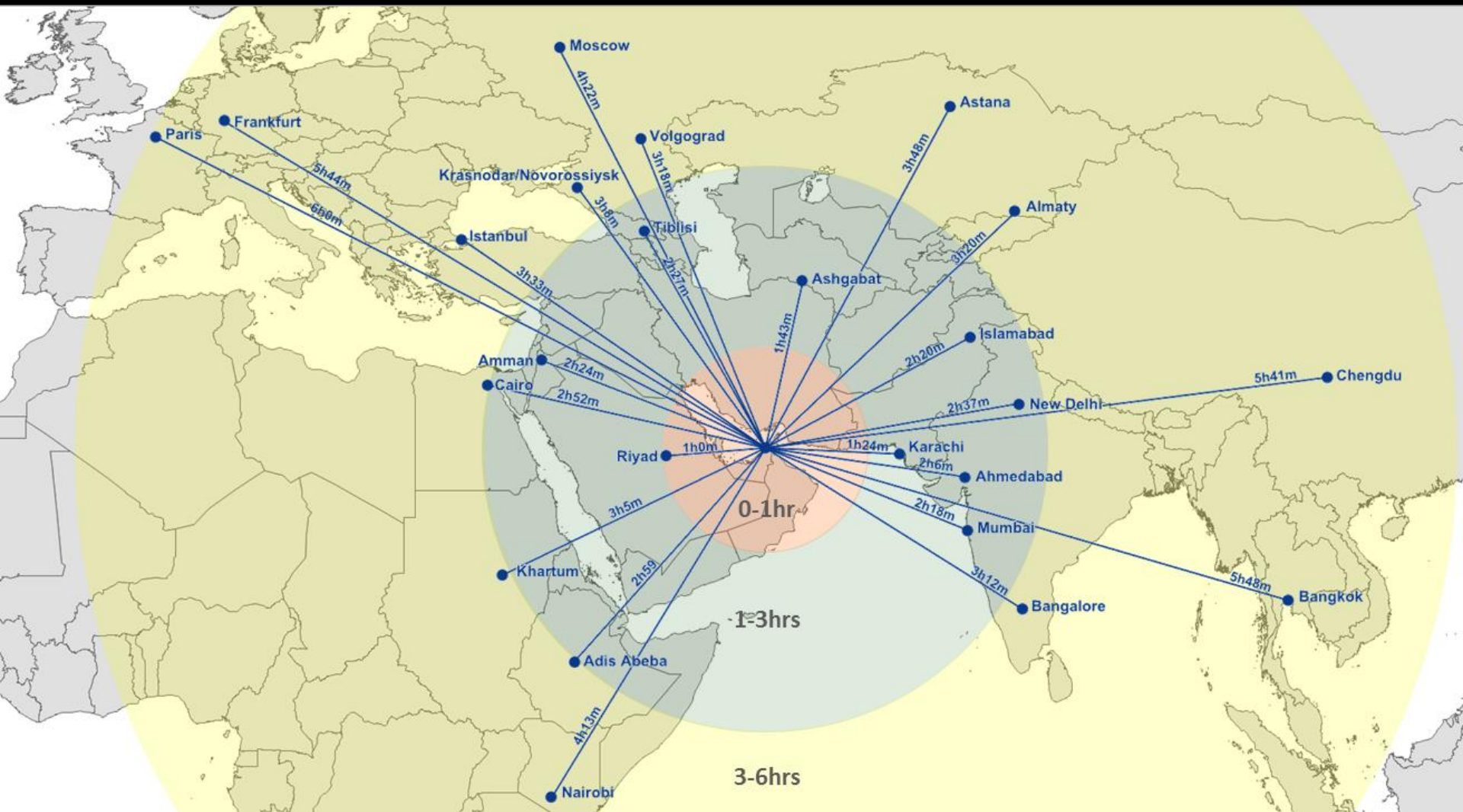
DP World global group of companies, which has a portfolio of more than 65 marine terminals across six continents including new developments underway in India, Africa, Europe and the Middle East.

Dubai No. 6 Airport* in the World



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

Flight Times From Dubai – Connecting the World

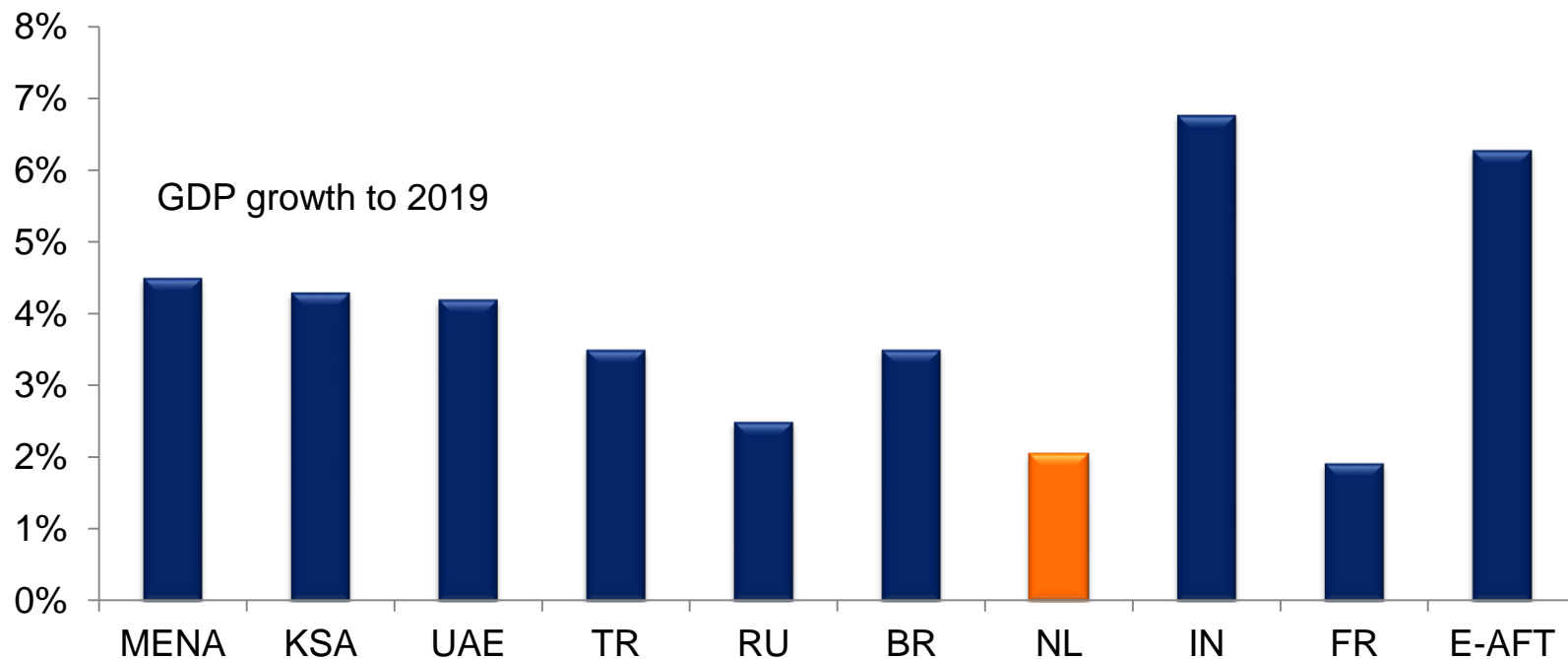


Developments of the Region



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.

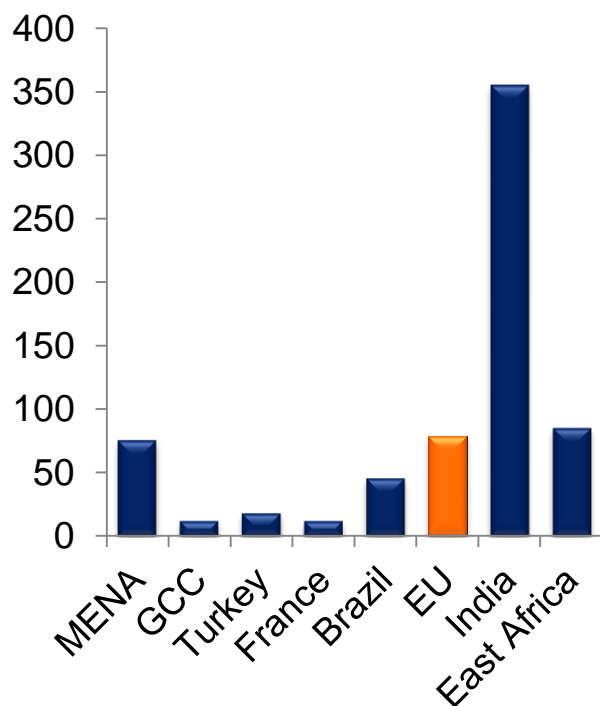


Source: Worldbank 2014

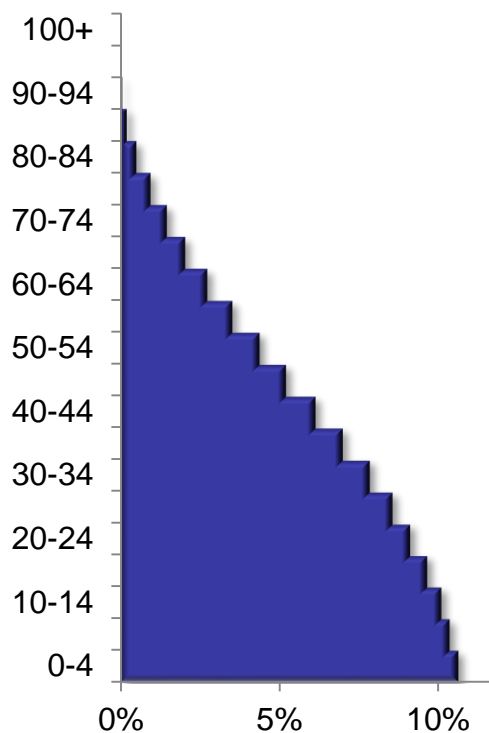
MENASA Demographic Comparison

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

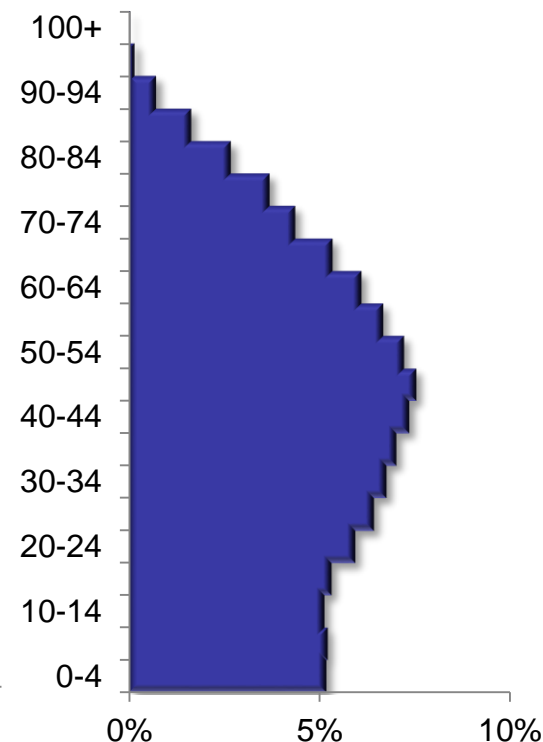
**Children (0-14 yr)
in Million**



**MENASA
Age distribution**



EU Age distribution



Source: 2013 Worldbank, IMF

Source: 2013 Census

GCC Region Gateway to Larger MENASA

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.





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Belangrijkste boodschap

- The world is changing. Future growth opportunities lie outside traditional West European markets.
- The Gulf and wider MENASA region offer long term business opportunities.
- Dubai/UAE can serve as a gateway into the region. Relatively easy to set up a business. Low tax regime but license costs add up. 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.

Eigen Ervaringen

- Lezing Logistics Institute Dubai 2010
- Tussen 2012-2014 meerdere logistieke projecten
- Keuze om eigen bedrijf in GCC te vestigen
 - 1e stap: vestigingsplaats GCC?
 - 2e stap: free zone of onshore GCC?
 - 3e stap: wat voor soort legal entity?
 - 4e stap: welke bank?
- Business Development in de regio

Contact details

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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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
- Europe
- Russia/CIS
- Turkey
- India

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