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# Saudi Arabia Logistics Industry Outlook



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# 1. EXECUTIVE SUMMARY

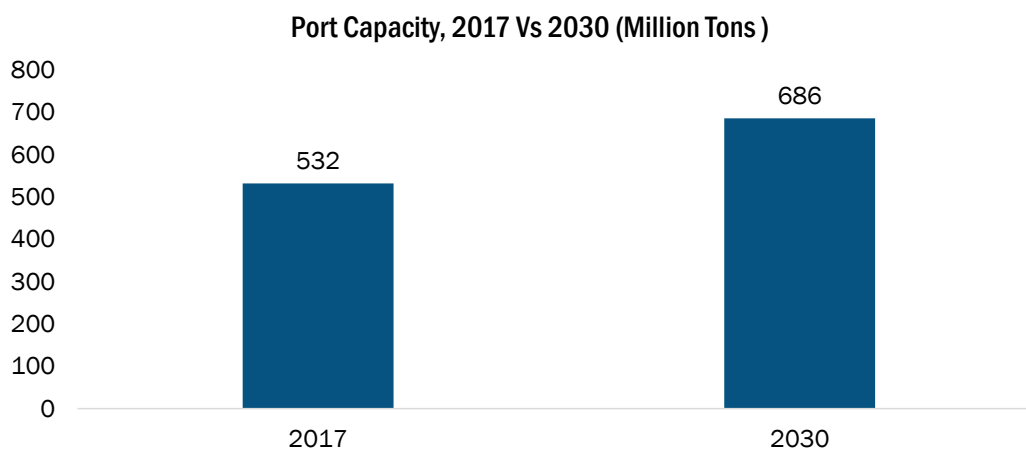
## 1.1. INITIATIVES TO PROMOTE LOGISTICS

Saudi Arabia announced its Vision 2030 in April 2016, and one of its prime objectives was to make the country a preferred logistics hub in the Middle East, effectively facilitating trade between three continents: Asia, Europe, and Africa. Further, the government unveiled the National Industrial Development and Logistics Program (NIDLP) to boost Saudi logistics exports to SAR600 billion (US\$160 billion) by 2030. As per its recent projections, the GDP contribution of the transportation and logistics sector would reach 10 percent by 2030 from 6 percent in 2020.

## 1.2. FUTURE OUTLOOK

The government of Saudi Arabia is looking forward to increasing the worth of non-oil exports from SAR135.02 billion (US\$36 billion) in 2018 to SAR637.59 billion (US\$170 billion) by 2030; in terms of volume, the export-related transportation throughout is estimated to grow from 63 million tons in 2018 to 131 million tons by 2030. Further, the country is aiming to boost re-exports from SAR21 billion (US\$5.6 billion) in 2018 to SAR525.07 billion (US\$140 billion) by 2030, thus resulting in a tenfold increase in terms of volume, from 10 million tons to 101 million tons.<sup>1</sup>

**FIGURE 1. PORTS CAPACITY POTENTIAL (MILLION TONS)**

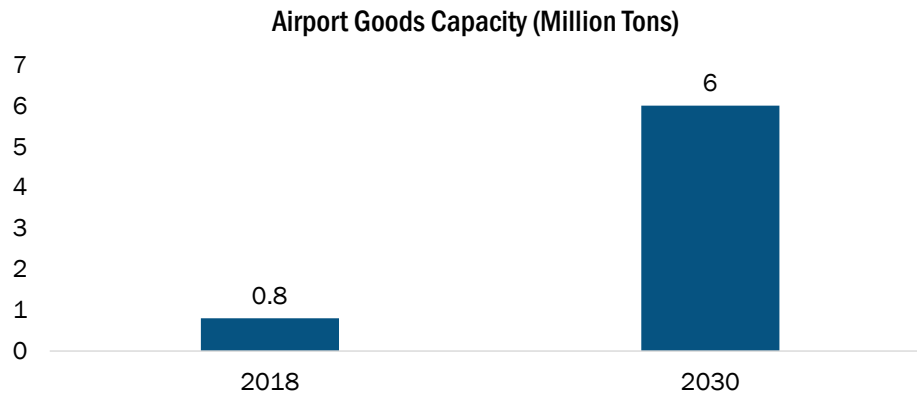


Source: Saudi Logistics Hub, 2018.

<sup>1</sup> Saudi Logistics Hub, 2018.

The annual port capacity of Saudi Arabia is expected to increase from 532 million tons in 2017 to 686 million tons by 2030.

**FIGURE 2. AIRPORT GOODS CAPACITY (MILLION TONS)**



Source: Saudi Logistics Hub, 2018.

The country aims to enhance its total air freight capacity from 0.8 million tons per year in 2018 to 6 million tons per year by 2030.

## 2. INTRODUCTION TO LOGISTICS INDUSTRY

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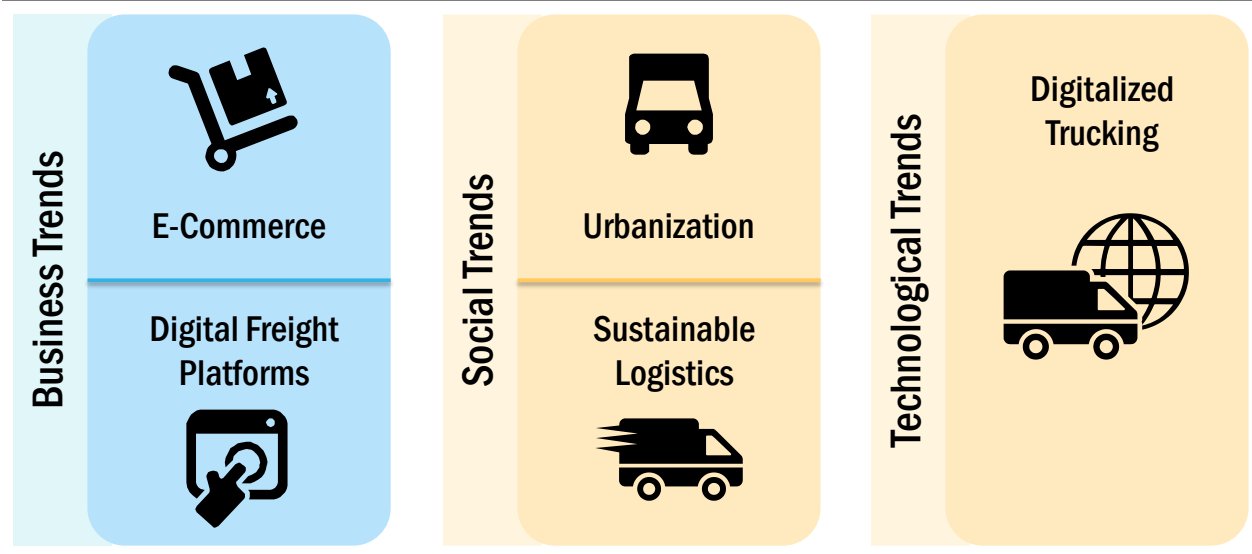
### 2.1. OVERVIEW AND KEY INDUSTRY TRENDS

The geographic location of Saudi Arabia puts it at the crossroads of major international trade routes. The country has a large geographic area as well as economy. These factors make Saudi Arabia an ideal international logistics hub. Economic growth, rising population, and increasing urbanization are the major factors compelling Saudi Arabian authorities to invest significantly in the expansion of transportation networks. Thus, investments in rail, sea, road, airport, and logistics infrastructure support the growth of the transportation and logistics sector in the country.

As part of its economic diversification efforts, Saudi Arabia is focusing on strengthening the role of the private sector in transportation. Further, the government is focused on streamlining the import and export processes, and governance regulations are being revised to open the way for market liberalization and private sector engagement. Besides, public-private partnerships would provide local logistics players access to financing infrastructure and transferring capabilities from the world's top logistics markets. Saudi Arabia aspires to be one of the region's most important logistics hubs by 2030. To overcome infrastructural bottlenecks, the country is upgrading its airports and increasing its air freight facilities, with an ultimate goal of raising the Kingdom's total air cargo capacity from 0.8 million tons per year in 2019 to 6 million tons per year by 2030.<sup>2</sup>

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<sup>2</sup> <https://www.trade.gov/knowledge-product/saudi-arabia-transport-and-logistics>.

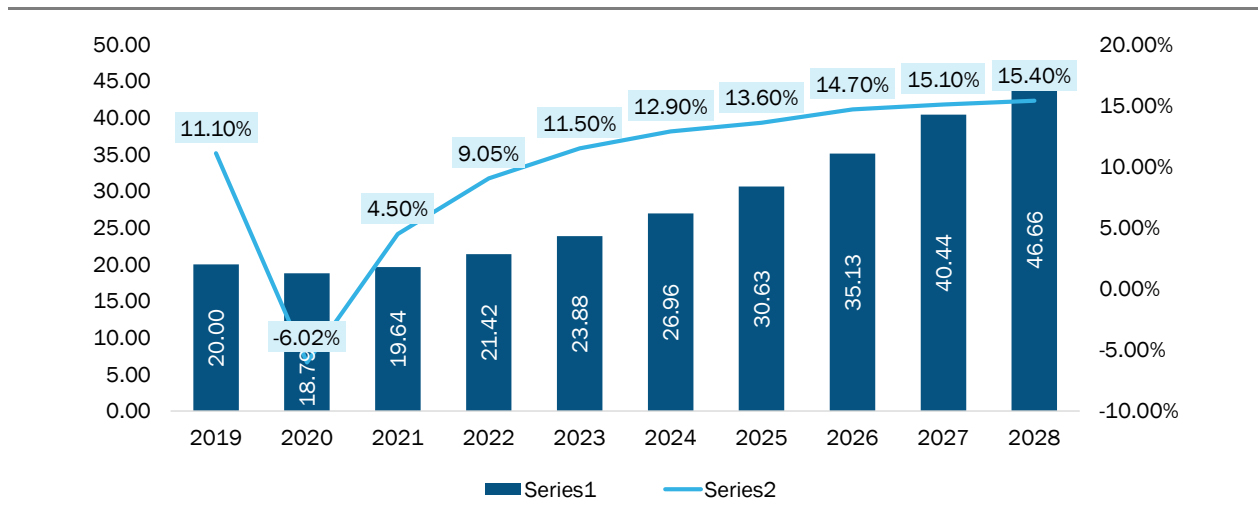
**FIGURE 3. KEY INDUSTRY TRENDS**

Source: Gulf Research Center Analysis, 2021.

Various technological, business, and social trends are reshaping the future of the logistics industry in Saudi Arabia. Business trends include e-commerce and digital freight platforms, while social trends include urbanization and sustainable logistics. On the other hand, digitalized trucking is a major technological trend influencing the industry.

## 2.2. SAUDI ARABIA LOGISTICS: MARKET SIZE AND FORECAST (2018–2028)

**FIGURE 4. SAUDI ARABIA LOGISTICS: MARKET SIZE AND FORECAST, 2018–2028 (US\$ BILLION)**



Source: Gulf Research Center Analysis, 2021.

The Saudi logistics market is projected to reach US\$46.66 billion by 2028 from US\$20 billion in 2019.

## 2.3. COVID-19 IMPACT ON SAUDI LOGISTICS SECTOR

The COVID-19 pandemic has been directly impacting global supply chains and their underlying transportation networks. The suspension of cross-border activities and the implementation of different safety regulations that restrict the movement of people and goods have significantly impacted the transportation and logistics industries.<sup>3</sup> The e-commerce industry is likely to become more adaptable during the pandemic situation, resulting in changes in customer purchasing behavior towards retail shopping and online shopping. Carrefour and Abu Dawood, for example, estimated a 200–300 percent increase in online sales in 2020, with a rising growth trajectory expected in the long run.<sup>4</sup>

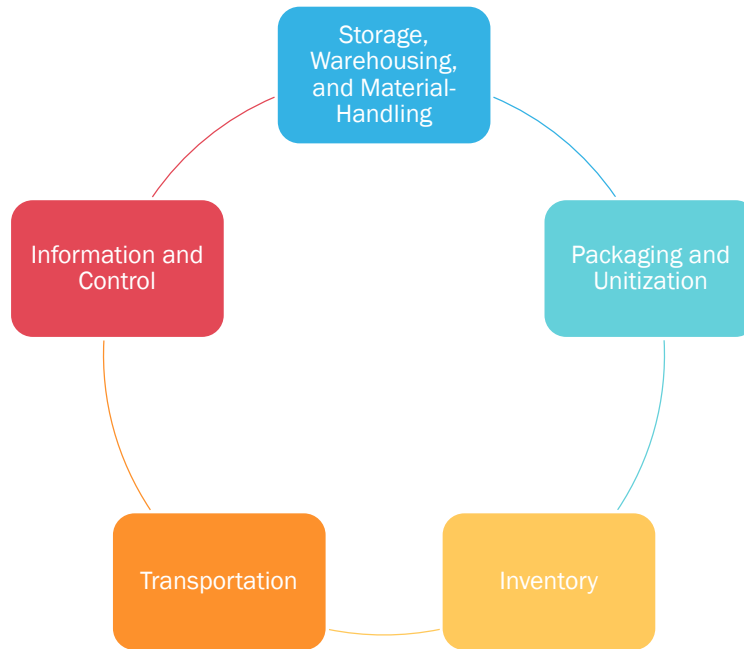
<sup>3</sup> [https://www.unescwa.org/sites/default/files/pubs/pdf/impact-covid-19-transport-arab-region-english\\_0.pdf](https://www.unescwa.org/sites/default/files/pubs/pdf/impact-covid-19-transport-arab-region-english_0.pdf).

<sup>4</sup> <https://www.prnewswire.com/in/news-releases/saudi-arabia-dry-logistics-market-is-driven-by-introduction-and-adoption-of-newer-technologies-that-will-have-strong-influence-on-delivery-amp-service-offerings-in-the-industry-ken-research-831553572.html>.

### 3. LOGISTICS INDUSTRY

#### 3.1. COMPONENTS OF LOGISTICS INDUSTRY

**FIGURE 5. KEY COMPONENTS OF LOGISTICS INDUSTRY**



Source: Gulf Research Center Analysis, 2021.<sup>5</sup>

- **Storage, Warehousing, and Material-Handling:** Warehousing is the process of storing physical items in a designated storage facility until they are sold or distributed further.
- **Packaging and Unitization:** Packaging and unitization units provide care and conditioning for goods or shipments. Appropriate packaging protects products during transit from one facility to another, e.g., from manufacturing plants to stores. Moreover, the quality of packaging may influence a person's buying preference.
- **Inventory:** Inventory operations focus on the existing availability of goods and information on stock conditions as well as on warehouse space availability. Inventory management also involves analyzing the current demand and supply of products as well as forecasting demand and managing inventory accordingly.

<sup>5</sup> [https://bujhansi.ac.in/econtent/pages/shortcodes/ims/UNIT-3\\_I.LOGISTICS.pdf](https://bujhansi.ac.in/econtent/pages/shortcodes/ims/UNIT-3_I.LOGISTICS.pdf).

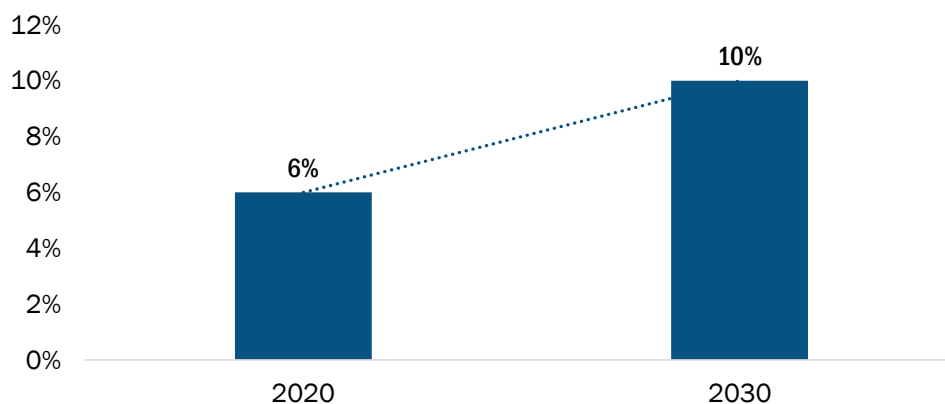


- **Transportation:** Transportation plays an essential role in various business processes, ranging from product manufacturing stage to product delivery. Roadways, railways, freight shipping, and air transport are among the major types of transportation.
- **Information and Control:** Information and control activities are necessary for ensuring proper functioning of various operations. These activities help streamline the supply chains and increase their efficiency.

### 3.2. ECONOMIC CONTRIBUTION

In Saudi Arabia, the logistics industry, comprising aviation transportation, road transportation, railways transportation, warehouses, and maritime, is expected to be a crucial contributor to the growth of the economy. The Saudi government recently launched the National Industrial Development and Logistics Program (NIDLP), which aims to promote the growth of the logistics sector and boost goods exports to SAR600 billion (US\$160 billion) by 2030.<sup>6</sup> As per a recent government announcement, the contribution of the transportation and logistics sector to the GDP would increase from 6 percent in 2020 to 10 percent by 2030.<sup>7</sup>

**FIGURE 6. GDP CONTRIBUTION OF TRANSPORT AND LOGISTICS SECTOR, 2020 VS 2030 (PERCENTAGE)**



Source: Arab News, 2021.<sup>8</sup>

<sup>6</sup> [https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/2019%20-%20Logistics%20sector%20in%20Saudi%20Arabia.pdf](https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/2019%20-%20Logistics%20sector%20in%20Saudi%20Arabia.pdf).

<sup>7</sup> <https://www.globalbusinessoutlook.com/transport-logistics-contribute-saudi-gdp/>.

<sup>8</sup> <https://www.arabnews.com/node/1889946/business-economy>.

### 3.2.1. Government Initiatives and Programs

A few of the significant logistics-related initiatives of the Saudi government are as follows.

- As part of the NIDLP, Saudi Arabia invested more than SAR400 billion (US\$106.6 billion) in strengthening its transportation and logistics infrastructure, building new roads, ports, railroads, and airports, during 2009–2018.<sup>9</sup>
- According to the 2021 budget statement, SAR46 billion was allocated for infrastructure and transportation development, including the Vision Realization Program aimed at improving or developing roads, ports, railways, and airports; housing; information and communications technologies; postal services; space research facilities; and the industrial cities of Jubail and Yanbu, among others.<sup>10</sup>
- In its 2019 budget, the Saudi government planned to spend SAR69.77 billion (US\$18.6 billion) on infrastructure and transportation, i.e., up from SAR 54.79 billion (US\$14.6 billion) in 2018. This represents a 28 percent increase from 2018 to 2019.<sup>11</sup>

**TABLE 1. SAUDI ARABIA'S NINE-POINT STRATEGY FOR TRANSFORMATION OF LOGISTICS SECTOR**

Goal	Initiative	Objective
Process Improvement	Streamlining of import and export	To make goods import faster and affordable using process re-engineering and automation
	Adoption of electronic systems	To improve the security, transparency, and control of Saudi Arabia's import and export processes
Infrastructure Enhancement	Implementation of transport infrastructure master plan	To improve the quality, safety, and efficiency of transportation infrastructure through a long-term master plan
	Enhancement of air cargo capacity	To increase total air cargo capacity to 6 million tons per year by 2030
Regulatory & Sector Reform	Improvement of logistics regulations	To stimulate healthy competition and private sector involvement by building a regulatory framework that follows international standards

<sup>9</sup> <https://oxfordbusinessgroup.com/overview/smooth-moves-kingdom-leverages-its-strategic-position-substantially-expand-road-rail-and-port>.

<sup>10</sup> <https://zamakhchary.com/infrastructure-transport/>.

<sup>11</sup> <https://www.trade.gov/knowledge-product/saudi-arabia-transport-and-logistics>.

Goal	Initiative	Objective
	Reforms in the port sector	To promote port specialization, governance reforms, and revised concession frameworks for improving seaport efficiency and service quality
	Transformation of the rail sector	Leveraging public-private partnerships (PPPs) to fund new railway infrastructure in the future
	Liberalization of air cargo	Providing PPPs for the development and operation of air cargo facilities
	Development of special economic zones (SEZ)	To develop multiple new SEZs with streamlined business setup procedures, favorable tax policies, customs-bonded areas, and good transportation connectivity

Source: Ministry of Transport and Logistics, 2015.<sup>12</sup>

<sup>12</sup> <https://mot.gov.sa/en/Help/Documents/KSALogisticsEN.pdf>.

### 3.3. MAJOR CAPITAL INVESTMENTS

The infrastructure and transportation sectors have benefited from recent large-scale investments in mega projects. For example, the Haramain High Speed Rail project received an investment of SAR56 billion (US\$14.93 billion). This 450-kilometer stretch of road connects Makkah, Madinah, Jeddah, and the King Abdullah Economic City.<sup>13</sup> Further, HRH Mohammad bin Salman bin Abdulaziz, Crown Prince, Deputy Prime Minister and Chairman of the Council of Economic and Development Affairs, aims to turn the country into a worldwide aviation hub. Saudi Arabia plans to invest SAR550 billion (US\$147 billion) in the transportation and logistics sector over the next nine years (2021-2030).<sup>14</sup> A few of the major rail projects that have received PPP funding are mentioned in Table 2.

**TABLE 2. RAIL AND LOGISTICS PROJECTS**

Project	Capital Expenditure (US\$ billion)
Saudi Landbridge	7–10
Riyadh–Dammam Electrification	8–10
Yanbu–Jeddah (via King Abdullah Port) Link	0.5–1.5
Riyadh–Riyadh Link and New Dry Port	0.9–1.4

Source: Saudi Arabia's Public Transport Authority (PTA).<sup>15</sup>

<sup>13</sup> <https://zamakhchary.com/infrastructure-transport/>.

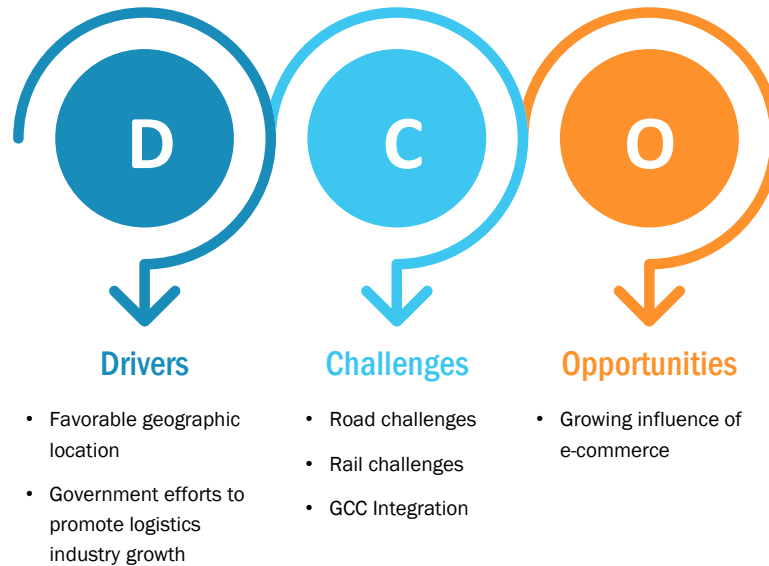
<sup>14</sup> <https://algulf.net/2021/07/05/saudi-arabia-plans-to-invest-147-billion-in-the-transportation-sector-the-economic-the-arab-economy/>.

<sup>15</sup> <https://www.meed.com/exclusive-saudi-arabia-procure-four-rail-ppp-schemes/>.

## 4. LOGISTICS INDUSTRY DYNAMICS

### 4.1. KEY INDUSTRY DRIVERS

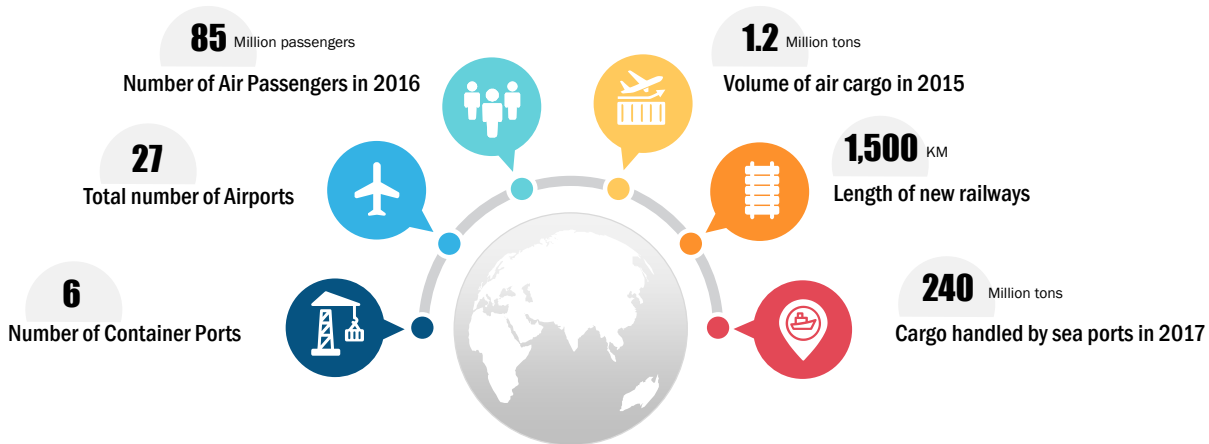
FIGURE 7. SNAPSHOT OF LOGISTICS INDUSTRY DYNAMICS



Source: Gulf Research Center Analysis, 2021.

#### 4.1.1. Favourable Geographic Location

The geographic location of Saudi Arabia is at the convergence of Asia, Europe, and Africa, and it is also at the crossroads of the trade routes of many countries. Vision 2030 intends to leverage the country's favorable geographic location by establishing a well-defined and advanced transport and logistics hub in the country. This transition will be aided by its geographical competitive advantage, which is based on proximity to large growing markets and vital maritime routes.



Saudi Arabia is also forging new international alliances and cooperating with private sector actors, and it has a well-connected infrastructure both within and outside of its borders. In relation to the transportation and logistics infrastructure, the country is also developing systems that can bring better performance, such as more strict governance, leaner procedures, and a more effective customs system.

#### 4.1.2. Government Efforts to Promote Logistics Industry Growth

Saudi Arabia has a well-established and well-equipped logistics infrastructure, and the government is focused on its further modernization. Regulatory reforms and large expenditures have been the major pillars of its logistics infrastructure modernization efforts. Furthermore, it has announced investments of ~SAR112.5 billion (US\$29.96 billion) for the modernization of port infrastructure. Saudi Arabia has allocated SAR159 billion (US\$42.34 billion) for building the first private port of the country—the King Abdullah port—which is anticipated to be able to handle 20 million twenty-foot equivalent units (TEUs) by 2020. In addition, it has allocated SAR337.5 billion (US\$89.88 billion) for the expansion of its massive road and railway infrastructure. Further, Saudi Arabia is constructing six commercial and industrial cities to allow hassle-free freight transit between them. Industrial production currently



accounts for 90 percent of the non-oil exports of the country, and the establishment of streamlined commercial and industrial cities would provide extra scope for the growth of the logistics industry.

The Saudi government's Budget 2019 reflected a 28 percent increase in the government infrastructure and transportation spending, with a rise from SAR54.6 billion (US\$14.53 billion) in 2018 to SAR69.76 billion (US\$18.58 billion) in 2019.

Furthermore, trade zones, such as Jizan Economic City, have been established by the government with extra duty exemptions, subsidies, and benefits. New infrastructure such as Jazan Airport, Neom Airport, the SPARK zone, the expansion of the Red Sea Gateway Terminal (RSGT), and the introduction of commercial routes linking seaports and airports to transport and re-export goods are just a few of the government's initiatives to expand Saudi logistics operations and make it a global transshipment hub aligned with the National Logistics Policy.

## 4.2. CHALLENGES



### ROADS

- Network designed/built in chunks, instead of under the Master Development Plan
- Interchanges overloaded at peak times causing bottlenecks
- Delays caused by maintenance and repair activities
- Uncertainty regarding the safety and security

### RAIL

- Limited network of trains (New more integrated network is underway.)
- Primary focus on passenger transport

### GCC INTEGRATION

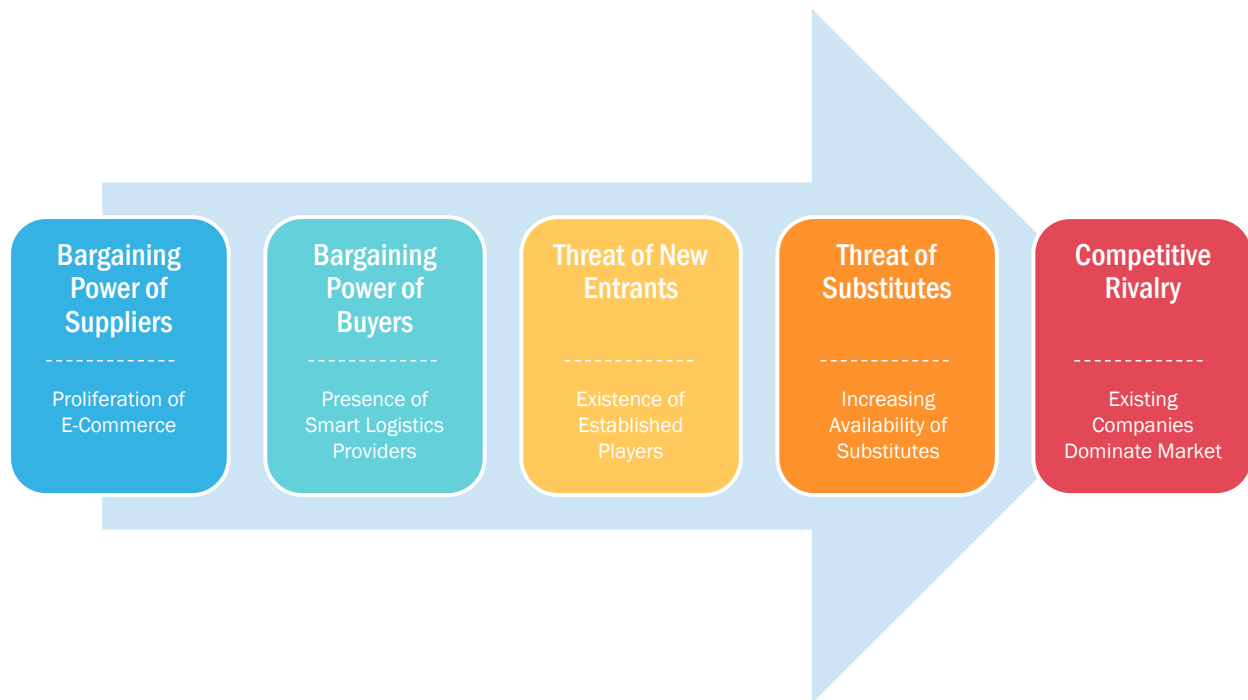
- Inconsistent processes and rules across GCC countries, causing delays at borders and affecting on-time delivery
- Country-wise differences in planning approaches

### 4.3. OPPORTUNITIES

#### 4.3.1. Growing Influence of E-Commerce

Amid the COVID-19 pandemic, Saudi Arabia witnessed an unprecedented increase in demand for e-commerce, which has led to fierce competition among the supply chain participants. Companies are focusing on strengthening their supply chains to provide the best possible customer experience, making last-mile logistics a highly competitive market. The government is also striving to strengthen the regulatory framework to stimulate the expansion of this industry segment as well as secure its long-term viability. The government implemented the E-Commerce Law in October 2019, which was designed to regulate digital payments through improved transparency. The Ministry of Commerce and Investment adopted the E-commerce Law Implementing Regulations on January 31, 2020, to reinforce personal data protection, consumer rights, and disclosure obligations. As a result, the rising impact of e-commerce combined with the government measures is likely to provide lucrative opportunities for logistics businesses in the near future.

### 4.4. PORTER'S



#### 4.4.1. Bargaining Power of Suppliers

- Proliferation of E-Commerce

A large number of logistics providers are available in Saudi Arabia. An effective logistics infrastructure is necessary for harmonized e-commerce operations; thus, e-commerce players are among the most common customers of logistics companies. Increased procurement of logistics services among various industries allows market participants to swap clients based on their negotiating strength.

#### 4.4.2. Bargaining Power of Buyers

- Presence of Logistics Providers

The logistics industry participants are experiencing considerable revenue growth, primarily, due to growing trade across Saudi Arabia. The growing popularity of e-commerce has prompted several well-known logistics providers to enter the Saudi sector, bolstering the buyers' negotiating position. Despite the fact that the number of manufacturers is expected to grow in the coming years, consumers' negotiating power is anticipated to dwindle to some extent as long as the general and technological needs for logistics services stay equal.

#### 4.4.3. Threat of New Entrants

- Existence of Established Players

Industry leaders such as Saudi Industrial Services Company, BAFCO, Bahri, Almajdouie Logistics, and DHL dominate the logistics industry in Saudi Arabia. The existence of renowned firms with strong brand image inhibits the entry of new players into the market. Furthermore, ensuring compliance with a stringent regulatory framework and obtaining all necessary licenses pertaining to logistics facilities and services are capital-intensive processes. Thus, high capital requirement is another factor limiting the entry of new players in this industry. As a result, the threat of new entrants is likely to have a negligible influence on the logistics industry in Saudi Arabia in the coming years.

#### 4.4.4. Threat of Substitutes

- Growing Availability of Substitutes

Companies are emphasizing on ground-breaking innovations and developments to provide modern choices since warehouses and transport facilities are essential components of any extensive logistics infrastructure. As a result, the threat of replacements is likely to remain low in the sector.

#### 4.4.5. Competitive Rivalry

- Existing Companies Dominate Market

The logistics industry in Saudi Arabia is dominated by a few well-established and financially sound firms that win most contracts from governments. These companies are highly competitive in terms of technology adoption, lead time, and pricing. This factor results in a high degree of competition among logistics industry players in Saudi Arabia.

### 4.5. PESTLE

#### 4.5.1. Political

- Focus of Vision 2030 on Development of Transportation and Logistics Industry

The transportation and logistics sector plays a vital role in the entrepreneurial, fiscal, and technological growth of the Saudi economy. With the Vision 2030 initiative, the Saudi government is continuously focusing on the adoption of advanced and innovative technologies in the transportation and logistics industry for its overall development. For instance, the 2018 budget reflected an 86 percent increase in strategic expenditure on transportation and infrastructure, which reached US\$14.4 billion in 2018 from US\$7.7 billion in 2017.

#### 4.5.2. Economic

- Availability of Established Port Facilities

Saudi Arabia has 10 seaports, which makes it one of the top 10 freight routes in the world. Moreover, the country has 35 international and domestic airports. Surge in infrastructural investments and the introduction of Middle East-based airlines are projected to support the growth of the logistics market in Saudi Arabia in the coming years.

#### 4.5.3. Social

- Growing Population and Consumer Class

The region's population continues to rise, resulting in increased demand for completed goods and products. Furthermore, as the need for raw materials in manufacturing industries grows, so does the demand for storage and more sophisticated logistics operations. Saudi Arabia is considered to have an underdeveloped manufacturing sector, which compels them to import almost all consumer commodities; this makes it one of the most lucrative markets for logistics service providers.

#### 4.5.4. Technological

- Implementation of Advanced Technologies in Industries

Saudi Arabia has made significant investment in the development and procurement of advanced technologies in various sectors. The logistics market can benefit from substantial opportunities in the region owing to rapid industrialization and growth of infrastructure. The oil & gas, automotive, and construction industry are the major industries in the area.

#### 4.5.5. Legal

- Introduction of New Laws to Attract Foreign Investors

The government of Saudi Arabia is encouraging collaborations between government authorities and private companies for the improvement of its transportation infrastructure. There is high demand for partnerships for running seaports and airports, and the supply networks connecting them. Several significant projects are being funded through public-private partnerships (PPPs), and many of the publicly run transportation infrastructure in the country are prepared for full privatization. According to the Saudi Foreign Investment Law, after receiving a license from the Saudi Arabian General Investment Authority (SAGIA), international investors can hold 100 percent of enterprises; moreover, they can compete for PPP projects directly or through local consortia. This law, governing collaboration between government and private sector, is being adopted to attract new foreign investment.

#### 4.5.6. Environmental

- Initiatives by the government to safeguard the environment

Saudi Arabia possesses the world's biggest oil reserves, which serve as the country's primary source of income. Environmental law takes a back seat to oil development. Despite the fact that oil is not environment-friendly, Saudi Arabia has made significant efforts to address climate change. The Presidency of Meteorology and Environmental Protection Act, enacted in 1992, was the first environmental law passed in the country. This legislation was passed to promote ecological awareness as well as to establish sustainable rules. Besides, Saudi Arabia and other Arab countries are collaborating to develop a series of international environmental agreements. Saudi Arabia has an Environmental Performance Index (EPI) of 55.3, and the country currently stands ninth in terms of the EPI among Arab countries.

## 5. CURRENT INDUSTRY LANDSCAPE

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### 5.1. CURRENT LOGISTICS INFRASTRUCTURE

Encouraging foreign direct investment (FDI) is at the core of Vision 2030, which aims to stimulate and diversify the economy while transforming Saudi Arabia into a global logistics hub, connecting Asia, Europe, and Africa. The country continues to invest in its transportation networks due to economic growth, population maturation, and fast-paced urbanization. Government investments in rail, sea, road, and airport infrastructure are supporting the growth of the transportation and logistics sector, which is a well-funded field. Saudi Arabia currently has 46 airports, including 10 international, 4 regional, and 15 local airports; furthermore, Saudi Aramco owns 11 airports, while the Saudi Air Force owns the remaining six. Saudi Arabia connects to 81 airports in 45 countries, allowing the country to transfer more than 1.2 million tons of cargo across the globe. The government has approved an expansion plan for upgrading existing airports and building new ones to strengthen the airport infrastructure. The redevelopment of airports in Abha, Al Ahsa, Al Qassim, Arar, Hail, and Jizan is a part of these expansion plans. Process re-engineering and automation allows Saudi Arabia to decrease time and cost requirements, and lower import variations. The average declaration clearance time has reduced by half to 2.2 days at seaports and to 1.2 days at airports; this is associated with a 75 percent decrease in international trade paperwork.

Jeddah Islamic Port, King Abdulaziz General Port, King Fahd Industrial Port (Jubail), King Fahd Industrial Port (Yanbu), Jubail Commercial Port, Yanbu Commercial Port, and Ras Al-Khair are among the commercial and industrial ports. King Abdullah Port, the most modern port in the Middle East, is the first port in Saudi Arabia that is wholly developed and run by the private sector.<sup>16</sup>

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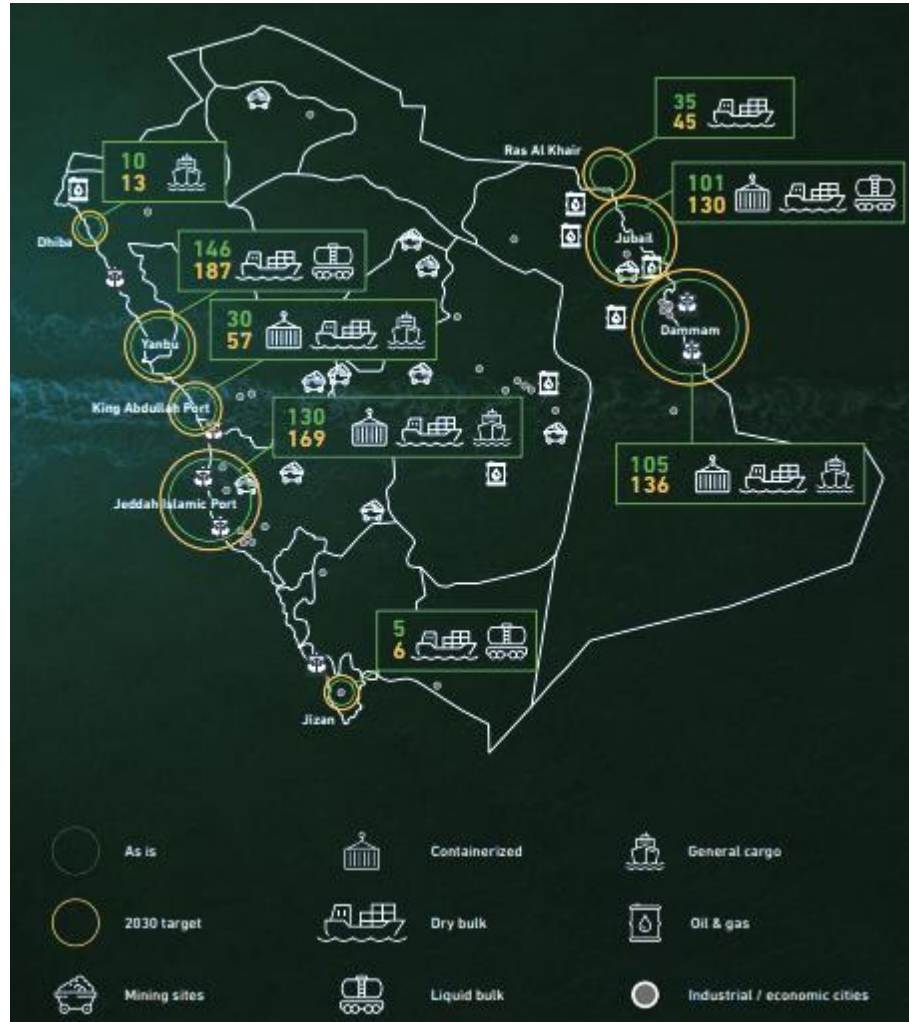
<sup>16</sup> <https://www.trade.gov/knowledge-product/saudi-arabia-transport-and-logistics>,



## 5.2. UPCOMING LOGISTICS PROJECT PLANS

### 5.2.1. Ports Infrastructure Plan

**FIGURE 8. PORTS INFRASTRUCTURE PLAN (2018 VS 2030)**



Note: The numbers for the year 2018 are highlighted in green, and the numbers for the year 2030 are highlighted in yellow.

Source: Saudi Logistics Hub, 2018.

### 5.2.2. List of Upcoming Logistics Projects

**TABLE 3. LIST OF UPCOMING LOGISTICS PROJECTS**

Sr. No.	Project
1	Al Khomra Logistics Platform
2	ILBZ Riyadh Airport
3	Dammam Port Platform
4	Dammam Air Cargo Center
5	Fully Develop the Northern Part of Jeddah Islamic Port

Source: Saudi Logistics Hub.

## 6. CURRENT INDUSTRY COMPETITIVE LANDSCAPE

### 6.1. S.A. TALKE LTD.

#### 6.1.1. Key Facts

S.A. TALKE LTD.	
Foundation Year	2004
Corporate Address	P.O. Box 10610 SA - 31961 Jubail Industrial City
Telephone	966 (0)13 361 8317 119
URL	www.sa-talke.com
Locations	Middle East, Europe, Asia and North America

#### 6.1.2. Business Description

S.A. TALKE is a joint venture between the German ALFRED TALKE organization, the Saudi Arabian SISCO group, and the Eastern Province's Al-Jabr group. S.A. TALKE provides a comprehensive range of specialized logistics services to Saudi Arabia's chemical and petrochemical sectors, ensuring the greatest levels of safety, service, and quality in all operations, based on ALFRED TALKE's European expertise in logistics site design, building, and operation as well as its extensive network knowledge. S.A. TALKE offers supply chain solutions that include on-site/off-site operations, packaging, storage, and transportation, as well as a variety of value-added services centered on chemical product logistics.

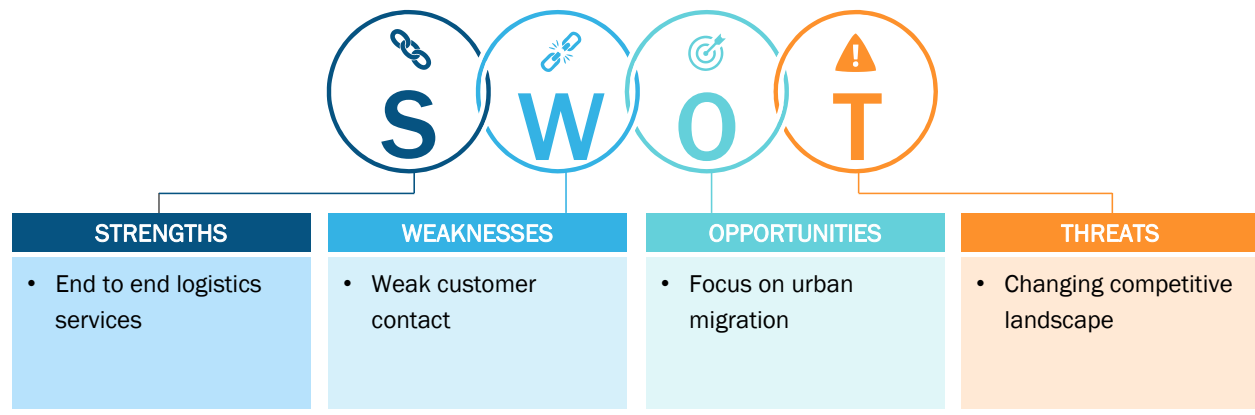
#### 6.1.3. Products and Services

Product/Service Category	Description
Logistics Solution	Procurement, Construction, Engineering and Consultancy
Logistics	On-site operation, Warehousing, Container Terminals and Value Added Services.
Transport	Liquid/Dry Bulk Transport and Package Goods Transport
Technical Services	Maintenance

#### 6.1.4. Financial Overview

As S.A. TALKE is a privately held company, financials are not available in the public domain.

### 6.1.5. SWOT Analysis



Source: Press Releases, Newsletters, and Company Annual Reports.

#### STRENGTHS

- End To end logistics services

S.A. TALKE provides end-to-end logistics services by air, train, road, and sea. Supply chain management, transportation, and storage, project logistics, chemical logistics, event and show logistics, and home product management are just some of the services they provide.

#### WEAKNESSES

- Weak customer contact

The firm focuses on emerging economies where infrastructure is lacking in many regions, particularly in rural areas. S.A. TALKE's last-mile delivery and customer interaction are frequently insufficient, resulting in customer discontent and business loss.

#### OPPORTUNITIES

- Focus on urban migration

The rate of rural-to-urban migration is increasing in rising economies with decreased agricultural scope. This implies that the population of cities and towns will grow, necessitating a growth in the need for supply chain management services for both businesses and families. For logistics businesses, this may represent a significant opportunity.

## THREATS

### Changing competitive landscape

The competitive landscape is rapidly changing, and with the rise in popularity of online retailers and third-party logistics providers, logistics firms such as S.A. TALKE need to stay vigilant in order to maintain their present business.

#### 6.1.6. Key Developments

There are no recent developments in relation to S.A. TALKE in the Saudi logistics market.

## 6.2. BAFCO INTERNATIONAL SHIPPING & LOGISTICS CO. LTD.

### 6.2.1. Key Facts

BAFCO INTERNATIONAL SHIPPING & LOGISTICS CO. LTD.	
Foundation Year	1990
Corporate Address	Batarfi Building # 3, Hamza Shata Street, Bagdadia West Dist., P. O. Box 16272, Jeddah 21464, Saudi Arabia
Telephone	+966 12 642 0333
URL	<a href="http://www.bafcointl.com">www.bafcointl.com</a>
Locations	Middle East
Employee Count	1,300

### 6.2.2. Business Description

Bafco International Shipping & Logistics Co. Ltd. is a worldwide transportation and logistics solutions provider. It has established itself as Saudi Arabia's premier freight forwarder and logistics firm. It has employees in over 50 countries and an international network of partners and agents, making it a truly global player with services available all over the world. Jeddah is the corporate headquarters, with offices in Riyadh, Dammam, Jubail, Rabigh, and a UAE branch in Dubai. Bafco International's emphasis and goal has always been to provide the highest level of services while continuously enhancing its competence and efficiency.

### 6.2.3. Products and Services

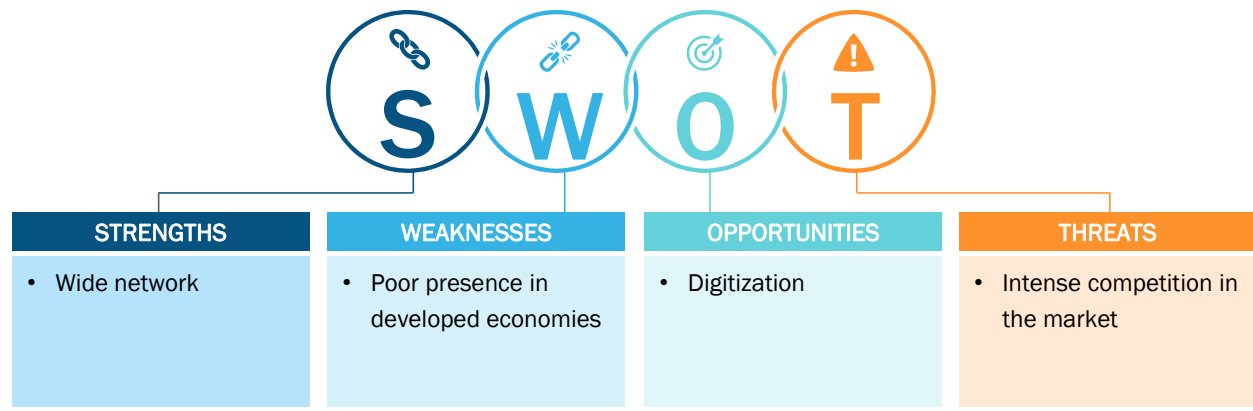
Product/Service Category	Description
Services	Sea Freight, Overland Network, Project Network and Warehousing

### 6.2.4. Financial Overview

As Bafco International Shipping & Logistics Co. Ltd. is a privately held company, financials are not available in the public domain.



### 6.2.5. SWOT Analysis



Source: Press Releases, Newsletters, and Company Annual Reports.

#### STRENGTHS

- Wide network

Bafco International Shipping & Logistics Co. Ltd is one of Saudi Arabia's largest logistics networks, having operations in over 20 countries and employing over 1,300 people. Because they work across different industries and provide end-to-end logistics services, the firm has positioned itself as an integrated logistics service provider.

#### WEAKNESSES

- Poor presence in developed economies

Despite being one of the industry's top companies, Bafco has a low expansion rate in terms of product offerings. Though the company has successfully built strategic partnerships with small business over the years, it has failed to strengthen links with large enterprises, thereby restricting its presence in the developed economies.

#### OPPORTUNITIES

- Digitization

Bafco International Shipping & Logistics Co. Ltd. will benefit greatly from digitization in terms of cost savings as well as the ability to attract new consumers through online expansion resulting in business growth.

## THREATS

- Intense competition in the market

Market giants such as DHL, UPS, and Fedex may pose a significant threat to the company's ability to expand its market.

### 6.2.6. Key Developments

There are no recent developments in relation to Bafco International Shipping & Logistics Co. Ltd. in the Saudi logistics market.

### 6.3. BAHRI

#### 6.3.1. Key Facts

BAHRI	
Foundation Year	1978
Corporate Address	Riyadh, Saudi Arabia
Telephone	+966 58 297 0968
URL	<a href="http://www.bahri.sa">www.bahri.sa</a>
Locations	Global

#### 6.3.2. Business Description

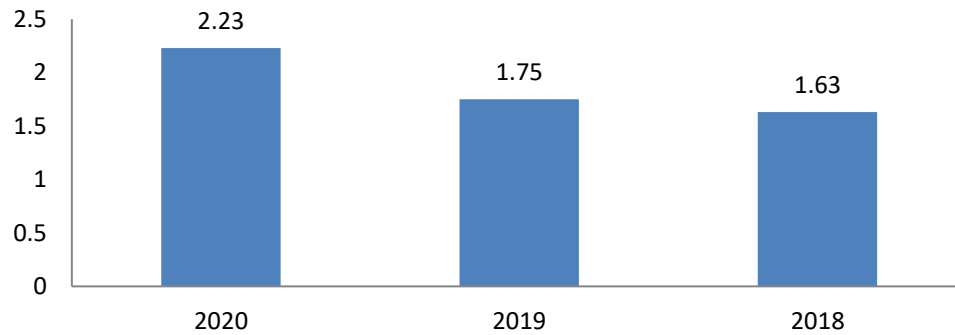
Bahri is one of the world's leading transportation and logistics companies. As Saudi Arabia's national maritime carrier, it has played a key part in the global shipping industry's development and growth, with a relentless focus on innovation and a dedication to providing technology-driven, value-added onshore and offshore services. One of the world's leading marine service providers, Bahri organizes its activities into five business units: oil, chemicals, logistics, dry bulk, and ship management. Its services include crude oil, oil products, chemical, bulk, and general cargo transportation, as well as ship management. The firm customizes its services to meet the demands of its customers, from maximizing the use of third parties to creating custom-designed vessels to offering door-to-door domestic and cross-border transportation. Bahri is committed to presenting Saudi Arabia as a unique regional logistics gateway to three continents and contributing to the Kingdom's 2030 Vision by continually growing its services and footprint across the world, guided by its fundamental principles and responsible business practices.

#### 6.3.3. Products and Services

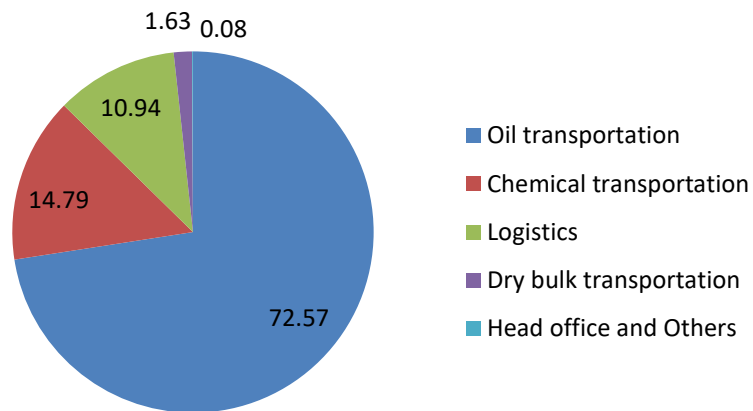
Product/Service Category	Description
Logistics	Oil, Chemicals, Logistics, Dry Bulk, and Ship Management

#### 6.3.4. Financial Overview

##### ANNUAL REVENUE (\$ BN)



##### REVENUE BY BUSINESS SEGMENT, 2020(percentage)



Source: Press Releases, Newsletters, and Company Annual Reports.

### 6.3.5. SWOT Analysis



Source: Press Releases, Newsletters, and Company Annual Reports.

#### STRENGTHS

- Excellent Performance in New Markets

Bahri has built expertise in entering new markets and making them a success. The expansion has helped the organization to build a new revenue stream and diversify the economic cycle risk in the markets it operates in.

#### WEAKNESSES

- Limited success outside core business

Despite being one of the industry's top companies, Bahri has had difficulty expanding into new product sectors due to its current culture. Low investments in research and development activities across its business verticals like chemical transportation, logistics, and dry bulk transportation amongst others is resulting in low growth rate of these business verticals.

#### OPPORTUNITIES

- Opening up of new markets because of government agreements

The adoption of new technology standards and government free trade agreements has provided Bahri an opportunity to enter a new emerging market. The new taxation policy has the potential to have a substantial influence on company practices and provide new opportunities for established businesses like Bahri to enhance their profitability.

## THREATS

- Intense competition in the market

Stable profitability has increased the number of players in the industry over the last two years which has put downward pressure on not only profitability but also on overall sales.

### 6.3.6. Key Developments

Month & Year	Development	Category	Description
July 2021	Bahri Ship Management Joins ISSA as Honorary Member	Recognition	Bahri Ship Management has become the latest high-profile ship owner and management to join the association.

Source: Press Releases, Newsletters, and Company Annual Reports.

## 6.4. ALMAJDOUIE LOGISTICS

### 6.4.1. Key Facts

ALMAJDOUIE LOGISTICS	
Foundation Year	1965
Corporate Address	Al Faysaliyah, King Fahad Airport Road, Area 91, Dammam 31411, Saudi Arabia
Telephone	966 9200 29221
URL	<a href="http://www.mlc.sa/">www.mlc.sa/</a>
Locations	Saudi Arabia, South Korea, and Japan
Employee Count	5,500

### 6.4.2. Business Description

Almajdouie Logistics is a renowned comprehensive supply chain company. Transportation, freight forwarding, terminal handling, automobile logistics, and warehousing are among the services offered by the organization. It is known for handling large cargo, and it holds the Guinness World Record for “The Heaviest Item Moved by Road Freight.” Almajdouie Logistics has built a strong name in the market as it includes numerous satisfied customers in its clientele. The firm has worked with a few of the top firms in the Middle East, including Saudi Aramco. It has grown to become the Middle East's leading provider of end-to-end logistics services. The company's assets include a large fleet of vehicles and trailers, and a terminal and storage facility spread over 1.2 million sq. ft. Headquartered in Dammam, Saudi Arabia, the company has a geographic presence in seven locations in the country.

### 6.4.3. Products and Services

Product/Service Category	Description
Freight Forwarding	It provides product barcoding, storage, and assembly services, among others.
Warehousing	It specializes in storage and assembly of goods for shipment.
Road Transportation	It enables land transport of items.
Heavy Transportation	It provides full-service logistics, including land, sea, and air freight, along with customs clearance.

#### 6.4.4. Financial Overview

As Almajdouie Logistics is a privately held company, financials are not available in the public domain.

#### 6.4.5. SWOT Analysis



Source: Press Releases, Newsletters, and Company Annual Reports.

#### STRENGTHS

- Broad range of logistics services

Almajdouie Logistics has a broad portfolio of logistics services that include freight forwarding, custom clearance, warehouses, distribution, road transportation, heavy transportation, and third-party logistics and fourth-party logistics (3PL and 4PL) services, among others.

#### WEAKNESSES

- Limited presence outside Middle East

The company has a low presence in countries outside the Middle East. As a result, it receives less revenue from these locations.

#### OPPORTUNITIES

- Offers new robust portfolio according with customers' expectations

Almajdouie Logistics concentrates on providing customized solutions to meet the needs of clients.



## THREATS

- Increasingly competitive market in logistics sector

Almajdouie Logistics operates in a market that is characterized by fierce competition in terms of price and technology. Among its biggest competitors are FedEx and DHL.

### 6.4.6. Key Developments

Month & Year	Development	Category	Description
June 2021	Reefer Containers Facility	Service Launch	Almajdouie Logistics launched a new plug-in facility at its Khumrah Terminal to serve its customers in western Saudi Arabia in a better manner. Handling, plug-in, monitoring, maintenance, and repair are among the services provided by the facility.

Source: Press Releases, Newsletters, and Company Annual Reports.

## 6.5. DHL INTERNATIONAL GMBH

### 6.5.1. Key Facts

DHL INTERNATIONAL GMBH	
Foundation Year	1969
Corporate Address	Charles-de-Gaulle-Str. 20. 53113, Bonn, Nordrhein-Westfalen, Germany
Telephone	1800 11 1345
URL	<a href="http://www.dhl.com">www.dhl.com</a>
Locations	APAC, Europe, Middle East and Africa, North America, South and Central America
Exchange Ticker Symbol	ETR: DPW
Employee Count	400,000
Fiscal Year End	December 2020

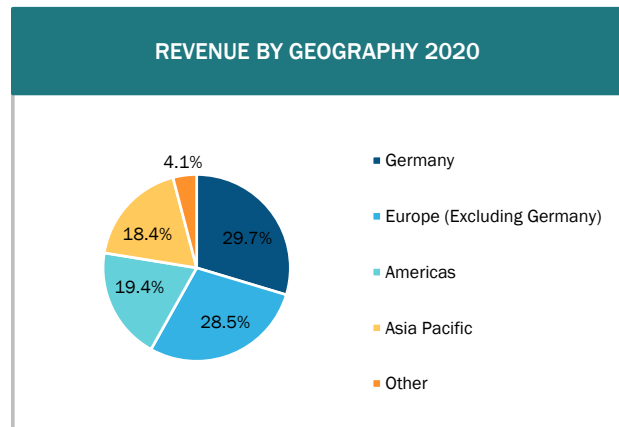
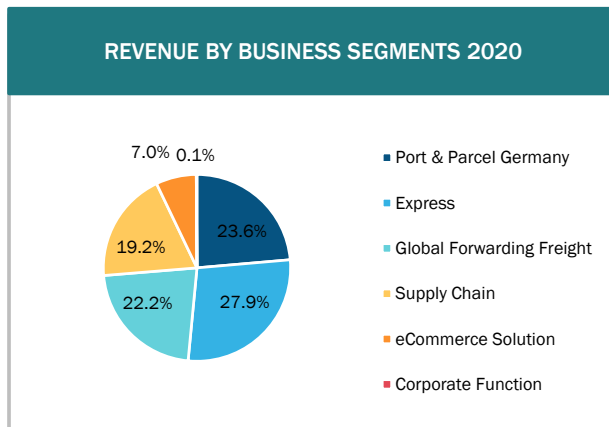
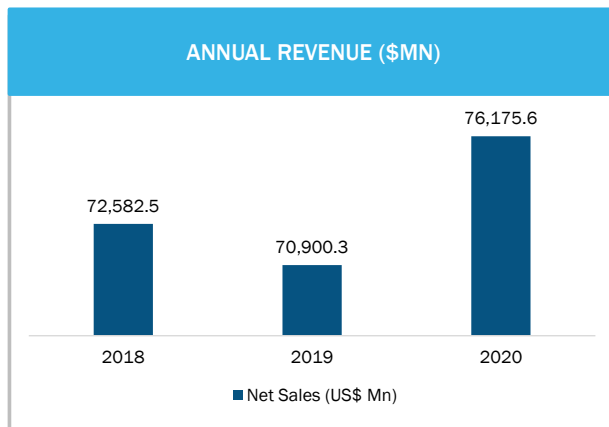
### 6.5.2. Business Description

DHL International GmbH is an international courier, package delivery, and express mail service. The company operates through several divisions, including Post and Paket Deutschland, DHL Express, DHL Global Forwarding, DHL Freight, DHL Supply Chain, and DHL Parcel. The industry sectors that the company deals with are auto-mobility, chemicals, consumer, energy, engineering and manufacturing, life sciences and healthcare, public sector, retail, and technology. The DHL Express division delivers express and courier services to different categories of end-users, private customers, and businesses. Moreover, the company has around 400,000 employees located in over 220 countries. DHL International GmbH is a subsidiary of Deutsche Post AG, a Germany-based company that is majorly engaged in providing mail and logistics services.

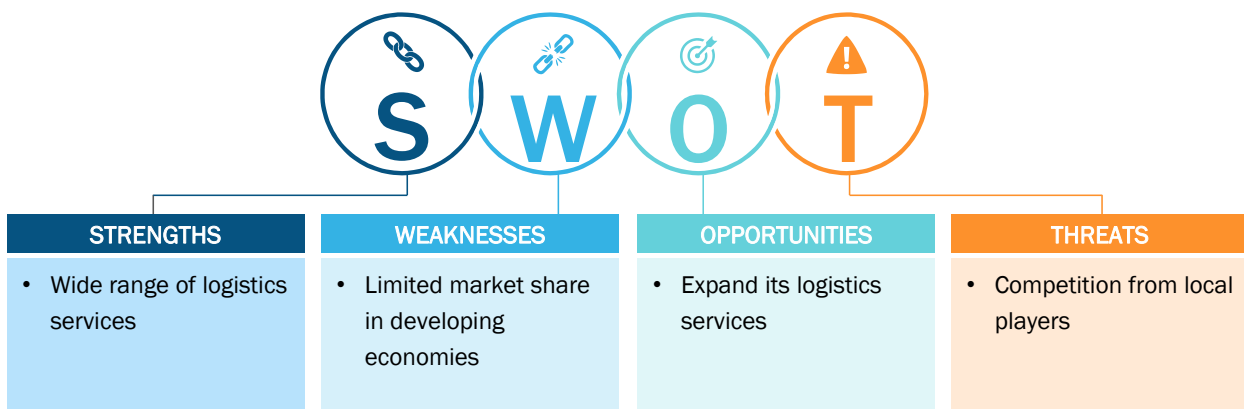
### 6.5.3. Products and Services

Product/Service Category	Product /Service Name	Description
Express Delivery	DHL express services - Express Delivery Services & International Shipping	The DHL express services include worldwide express shipping from door to door facility, flexible pick-ups, and reliable delivery. The express services specially focus on the transport of urgent medical or biological goods.
	Global Forwarding, Freight	Through this division, the company offers global air, ocean & freight forwarding services.
	Supply Chain Apps	The company's air, ocean and overland freight forwarding services include standardized transport as well as multimodal and sector-specific solutions with individualized industrial projects.
	e-Commerce Solutions	The company through this segment offers international standard parcel delivery for business customers. It supports clients with e-commerce shipping services to online businesses.

#### 6.5.4. Financial Overview



#### 6.5.5. SWOT Analysis



Source: Press Releases, Newsletters, and Company Annual Reports.

## STRENGTHS

- Emphasis on innovation

DHL, through its innovation centers, provides a platform for its business and industry partners, customers, logistics experts, and academic and research institutions to work together on innovations and new trends in the industry. The focus on innovation helps it bring new solutions which meet changing customer requirements to the market.

## WEAKNESSES

- Limited market share in developing economies

The logistics business is saturated with local and foreign competitors, and market growth is shared among them. DHL's market share in developing economies is limited due to its high price strategy..

## OPPORTUNITIES

- Expand its logistics services

Electronic shopping has grown in popularity, which provides an incentive to enter the logistics business. Because e-commerce is widely regarded as the future of retail, it is important for DHL to develop its logistic services for e-commerce businesses.

## THREATS

- Competition from local players

DHL faces significant competition from local logistics providers, and this will lead to high market establishment costs in the new markets.

### 6.5.6. Key Developments

Month & Year	Development	Category	Description
April 2021	Air freight service from China to Africa and Middle East routes	Service Launch	DHL Global Forwarding has introduced a specialized 100-ton weekly air freight service for enterprises and governments transporting goods from China to Africa and the Middle East.

Source: Press Releases, Newsletters, and Company Annual Reports.

## 7. PUBLIC-PRIVATE PARTNERSHIPS IN LOGISTICS INDUSTRY

### 7.1. RECENT DEVELOPMENTS IN PPP ACROSS LOGISTICS SECTOR

The National Transformation Program (NTP) has a dedicated section for public-private partnership (PPP) that aims to raise private sector investments from 40 percent of GDP in 2016 to 65 percent by 2030.<sup>17</sup> The government is encouraging collaborative efforts from private companies for developing the transportation infrastructure. There is a great need for such partnerships for operating seaports and airports, and the supply chains that connect them. Foreign investors can hold 100 percent of firms after receiving licenses from SAGIA, and further, they compete for PPP projects, either directly or through a local consortium, under the Saudi Foreign Investment Law.<sup>18</sup>

The Saudi government has recently announced the National Industrial Development and Logistics Program with an aim to promote the logistics sector and boost export revenue to SAR600 billion (US\$160 billion) by 2030. Saudi Arabia is striving to diversify its economy by increasing the involvement of the private sector in the logistics business. Funding for several significant projects is managed through PPPs, and a number of the country's publicly operated transportation facilities are being prepared for full privatization.<sup>19</sup> Roughly six PPP transactions, totaling ~US\$3.5 billion, were signed in Q1 2019, and the finalization of at least 23 more such deals is projected by 2022.<sup>20</sup>

<sup>17</sup> <https://argaamplus.s3.amazonaws.com/321ad358-202d-47af-8536-e9c732863040.pdf>.

<sup>18</sup> <https://www.export.gov/apex/article2?id=Saudi-Arabia-Transport-and-logistics>.

<sup>19</sup> [https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market\\_studies/2019%20-%20Logistics%20sector%20in%20Saudi%20Arabia.pdf](https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/2019%20-%20Logistics%20sector%20in%20Saudi%20Arabia.pdf).

<sup>20</sup> [https://www.zawya.com/mena/en/business/story/Saudi\\_Arabia\\_to\\_launch\\_multibillion\\_dollar\\_transport\\_projects\\_in\\_2020\\_\\_minister-TR20191212nL8N28L5B1X1/](https://www.zawya.com/mena/en/business/story/Saudi_Arabia_to_launch_multibillion_dollar_transport_projects_in_2020__minister-TR20191212nL8N28L5B1X1/).

The construction of four metro projects is underway in the largest cities of Saudi Arabia—Makkah, Jeddah, Madinah, and Dammam. The total projected cost of these four metro projects is ~SAR206.3 billion (~US\$55 billion), with Makkah Metro Project valued at SAR60.01 billion (US\$16 billion), Jeddah Metro Project valued SAR45.01 billion (US\$12 billion), Dammam Metro Project worth SAR60.01 billion (US\$16 billion), and Madinah Metro Project costing SAR41.26 billion (US\$11 billion). The project in Jeddah is being handled by Metro Jeddah Project Company, the project in Madinah by Madinah Development Authority, the project in Makkah by Makkah Development Authority, and the project in Dammam by Dammam Municipality.

In 2018, the Public Transport Authority of Saudi Arabia planned to tender contracts for the development of four major rail and logistics projects. The Saudi Landbridge railway line, which connects Saudi Arabia's east and west coasts, is one of these four initiatives that have been proposed as a PPP project.<sup>21</sup>

**TABLE 4. RAIL AND LOGISTICS PROJECTS**

Project	Length (Km)	Capital Expenditure (US\$ billion)	Project Development Timeline (Years)
Saudi Landbridge	950	7-10	8-10
Riyadh-Dammam Electrification	460	8-10	9-10
Yanbu–Jeddah (via King Abdullah Port) Link	340	0.5-1.5	4-5
Riyadh-Riyadh link and New Dry Port	~40	0.9–1.4	4-5

Source: Saudi Arabia's Public Transport Authority (PTA).<sup>22</sup>

<sup>21</sup> <https://www.meed.com/exclusive-saudi-arabia-procure-four-rail-ppp-schemes/>.

<sup>22</sup> <https://www.meed.com/exclusive-saudi-arabia-procure-four-rail-ppp-schemes/>.



## 7.2. LIST OF MAJOR PPP PROJECTS

**FIGURE 9.** PPP PROJECTS IN SAUDI ARABIA

- 
- Prince Mohammed bin Abdulaziz International Airport, Madinah
  - Saudi Landbridge
  - Riyadh–Dammam Electrification
  - Yanbu–Jeddah (via King Abdullah Port) Link
  - Riyadh–Riyadh Link and New Dry Port
  - Taif Airport PPP Project

Source: MEED.

## 8. INITIATIVES TO PROMOTE LOGISTICS SECTOR

### 8.1. CASE STUDY 1 – DEVELOPMENT OF NEW BRAND BY INTERBRAND FOR SAUDI ARABIAN LOGISTICS

#### 8.1.1. Background

Saudi Airlines Cargo Company is the largest ground handling service provider catering to international air cargo carriers operating at major international airports in Saudi Arabia. Clear work instructions, good communication, and high-quality service output, backed by a commitment to excellence, help the firm produce premium results for its clients.

#### 8.1.2. Challenges

The ground handling business segment of Saudia Cargo is planning to operate as a distinct, self-contained business—Saudi Arabian Logistics (SAL). The SAL would grow its operations from ground handling to comprehensive logistics to dominate the logistics hub in the Gulf region; for this, it would focus on providing services to stakeholders managing trade pathways that connect Asia, Europe, and Africa.

#### 8.1.3. Solution

SAL has been positioned to be a customer-focused logistics ecosystem, employing workforce dedicated to assisting their partners and clients in achieving their personal and professional objectives. The term SAL was chosen to represent a real link in a global network dedicated to making its way across oceans (by Sea), flying through the sky (by Air), and operating on trains and roads (by Land). The mandate is enshrined in the entity's Brand Claim: SAL Delivering Impact, which encapsulates the company's goal of becoming a driving force in national and regional development.

## **8.2. CASE STUDY 2 – BUSINESS INTELLIGENCE BY ELEGANTJ BI FOR LEADING LOGISTICS AND COLD STORAGE COMPANY IN SAUDI ARABIA**

### **8.2.1. Objective**

The client needed a scalable, comprehensive, and reliable business intelligence (BI) solution to assist them accomplish their objective of building a strong decision support system that runs on SAP BW. As per their requirements, various departments, including HR, sales, inventory, and finance, should be able to utilize this solution. The complete BI solution should assist them in integrated analysis for extraction of information from data dispersed across many functional areas.

### **8.2.2. Challenges**

- Integrating BI with SAP BW
- Need of personalized dashboards with consolidated multi company data for HR and sales functions
- Implementation of key performance indicators (KPIs) and establishment of a performance-driven culture
- Enable BI and reporting access to teams operational across Saudi Arabia
- Ensure compatibility with current and future data source of clients

### **8.2.3. Solution**

ElegantJ BI effectively implemented a BI system that met all of the client's requirements. The ElegantJ BI team collaborated with the client's technical team to understand its BI needs and establish KPIs, and build bespoke documents for HR and sales modules.

### **8.2.4. Key Benefits and Deliverables**

- Consultancy and deliverables data in the staging databases and integrating the staging database with ElegantJ BI
- Sales and HR dashboards: Different stakeholders with access rights and permission with respect to their roles
- Analysis with respect to the gap between target and actual sales

### **8.3. CASE STUDY 3 – BIOCAIR MANAGED KAUST'S SUPPLY CHAIN WITH BEST-IN-CLASS PERFORMANCE**

#### **8.3.1. Challenge**

KAUST transports many temperature-sensitive goods from its global network of research institutes, and each category of these goods has its own set of ambient environmental conditions. KAUST used a large number of non-specialized couriers for its global life science exports. However, these logistics companies were incapable of effectively and securely managing the advanced cold chain logistics operations of KAUST.

#### **8.3.2. Solution**

Biocair established a seamless relationship between logistics and research teams by putting scientists in front-line logistics jobs, thereby allowing KAUST to concentrate on its core business. By focusing on the basic requirements of KAUST, Biocair provided a complete end-to-end solution that served the following purposes:

- Ensuring safe and compliant shipping worldwide
- Obtaining all regulatory requirements, including dangerous goods certifications, and assigning a customs tariff code
- Tracking from beginning to conclusion, including temperature monitoring till the last stage
- Meeting necessary temperature ranges specified by KAUST by on-site packing and shipment preparation

## **8.4. CASE STUDY 4 – PROVISION OF WAREHOUSE AND DISTRIBUTION FACILITIES BY SWISSLOG TO ALMARAI, AL KHARJ, SAUDI ARABIA**

### **8.4.1. Background**

Almarai is one of the world's largest vertically integrated dairy businesses; it manages intricate product flows on a daily basis. It produces fruit juices, baked goods, poultry products, and infant formula; fresh and refrigerated foods; and long-life foods. Almarai has a key plant in Al Kharj, which is roughly an hour and a half away from the city center. To continue its success and expand on its competitive position, Almarai needed to perform a complete strategic reorientation of its logistics.

### **8.4.2. Solution**

Swisslog, an automation expert, provides Almarai with numerous warehouses for palletized completed items along with a fully automated picking and commodities distribution center. It is also in charge of five subprojects, each of which is responsible for installing internal logistics systems in different factories one by one, thus ensuring uninterrupted operations of Almarai. The subprojects include storage and retrieval systems, conveyors, automatic reefer loading systems (ARLS), KUKA's automatic picking modules, and electric monorail suspension systems.

## **8.5. CASE STUDY 5 – IMPLEMENTATION OF ORACLE CRM SOLUTION FOR STREAMLINED LOGISTICS MANAGEMENT**

### **8.5.1. Background**

This client is a renowned Saudi logistics firm that caters to Gulf markets. Its service offerings include end-to-end logistics solutions, such as warehousing, shipping, home deliveries, and assembly, for its customers.

### **8.5.2. Key Challenges**

- A third party was in charge of customer concerns and escalations. There was no direct line of communication for dealing with consumer concerns.
- Customer Relationship Management problems were handled by planners, and the unavailability of specialized staff led to delayed reactions/responses.
- There was no extensive client database.
- Real-time data of field agents was not available.

### **8.5.3. Solution**

- Notifications are established in Service Cloud by orchestrator when the order is ready to be sent to the client location or when a job needs to be completed at the client site.
- From Service Cloud, activities are produced in Field Service Cloud.
- Field service employees are directed on tasks through the Oracle Field Service Cloud bucket based on various factors.
- Customers' grievances are directly captured.

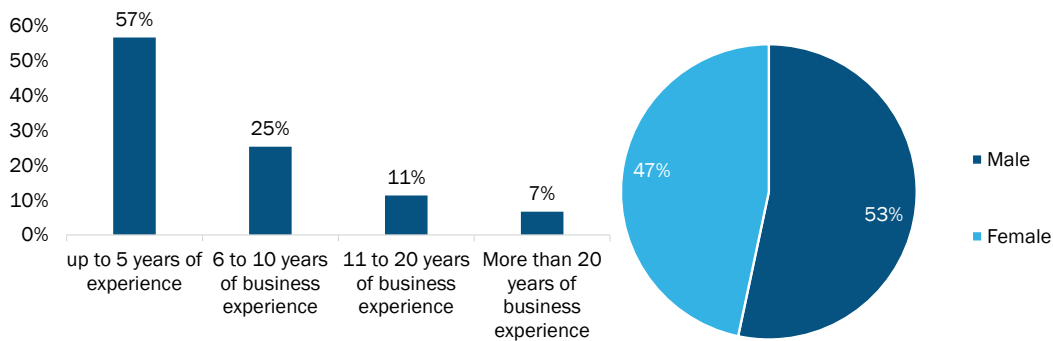
## 9. PRIMARY RESEARCH STUDY ANALYSIS

### 9.1. OVERVIEW

The following primary research was conducted through online mode across Saudi Arabia to gather insights pertaining to the logistics industry. A hundred and fifty respondents were finalized for the study.

### 9.2. DEMOGRAPHICS

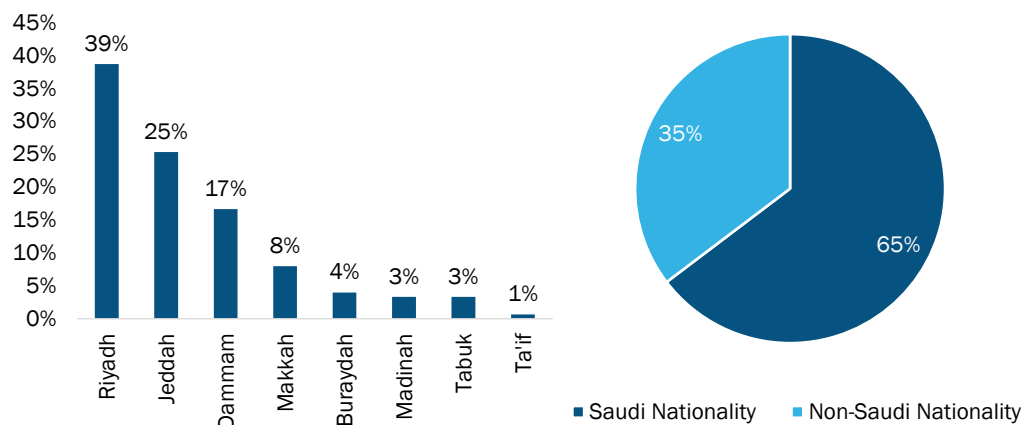
**FIGURE 10. BUSINESS EXPERIENCE AND GENDER COMPOSITION OF RESPONDENTS**



Source: Gulf Research Center Analysis, 2021 and High Beam Global.

Primary respondents with up to 5 years of experience dominated the participation, accounting for 57 percent of all primary respondents. Males formed 53 percent of the group while females accounted for 47 percent.

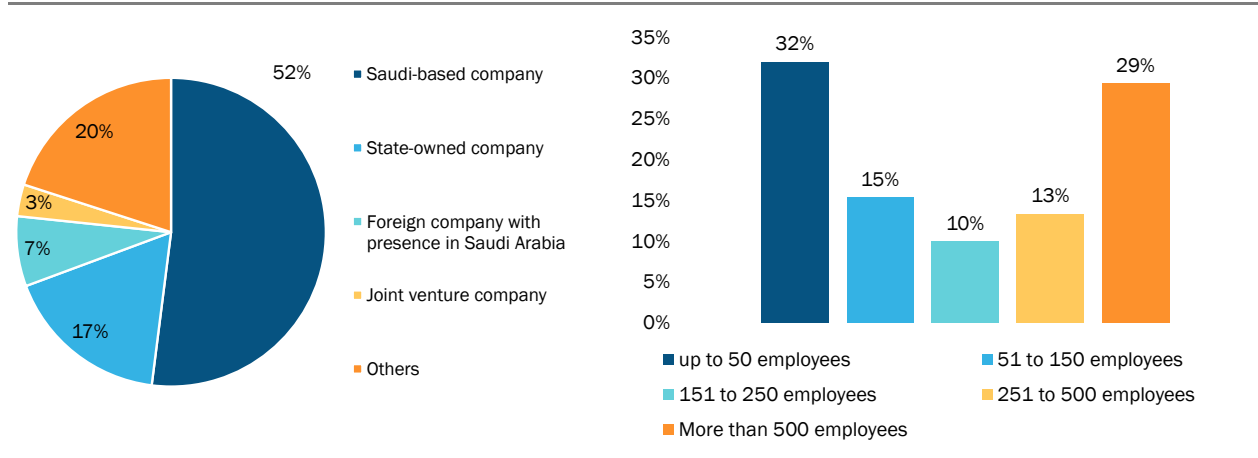
**FIGURE 11. LOCATION & NATIONALITY OF RESPONDENTS**



Source: Gulf Research Center Analysis, 2021 and High Beam Global.

As seen in Figure 11, the majority of respondents in the survey came from three popular cities – Riyadh, Jeddah, and Dammam – and accounted for 81 percent of all respondents. Other non-metro city respondents made about 19 percent of the total number of people surveyed. Furthermore, respondents with Saudi nationality dominated the poll, accounting for about 65 percent of the entire survey group.

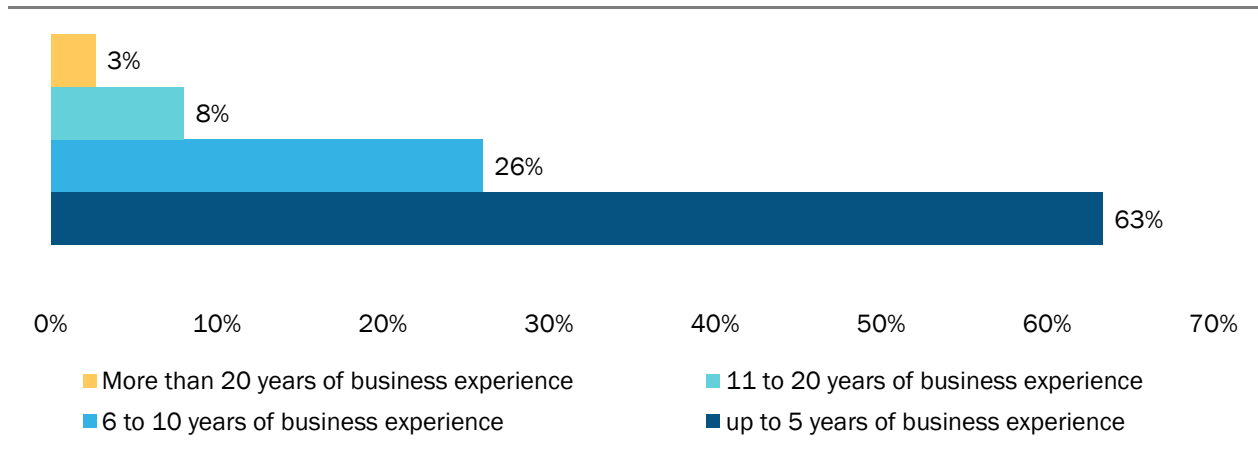
**FIGURE 12. RESPONDENT COMPANY TYPE AND COMPANY SIZE**



Source: Gulf Research Center Analysis, 2021 and High Beam Global.

As shown in Figure 12, 52 percent of all respondents work for a state company. Furthermore, the majority of respondents work in businesses with less than 50 employees, accounting for roughly 32 percent of the total survey group.

**FIGURE 13. RESPONDENTS' EXPERIENCE IN THE LOGISTICS INDUSTRY**



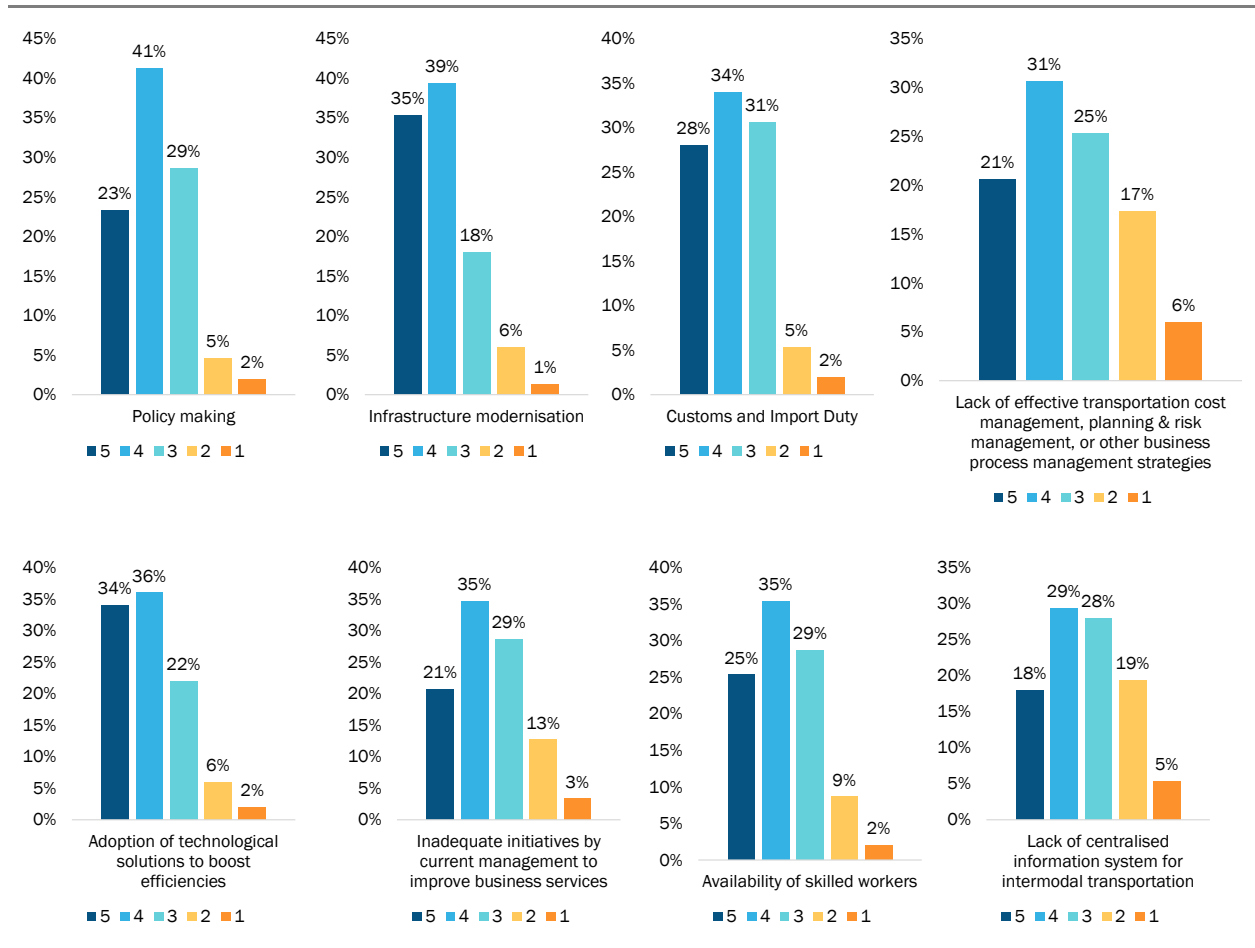
Source: Gulf Research Center Analysis, 2021 and High Beam Global.



As seen in Figure 13, 63 percent of respondents have worked in the logistics industry for up to five years.

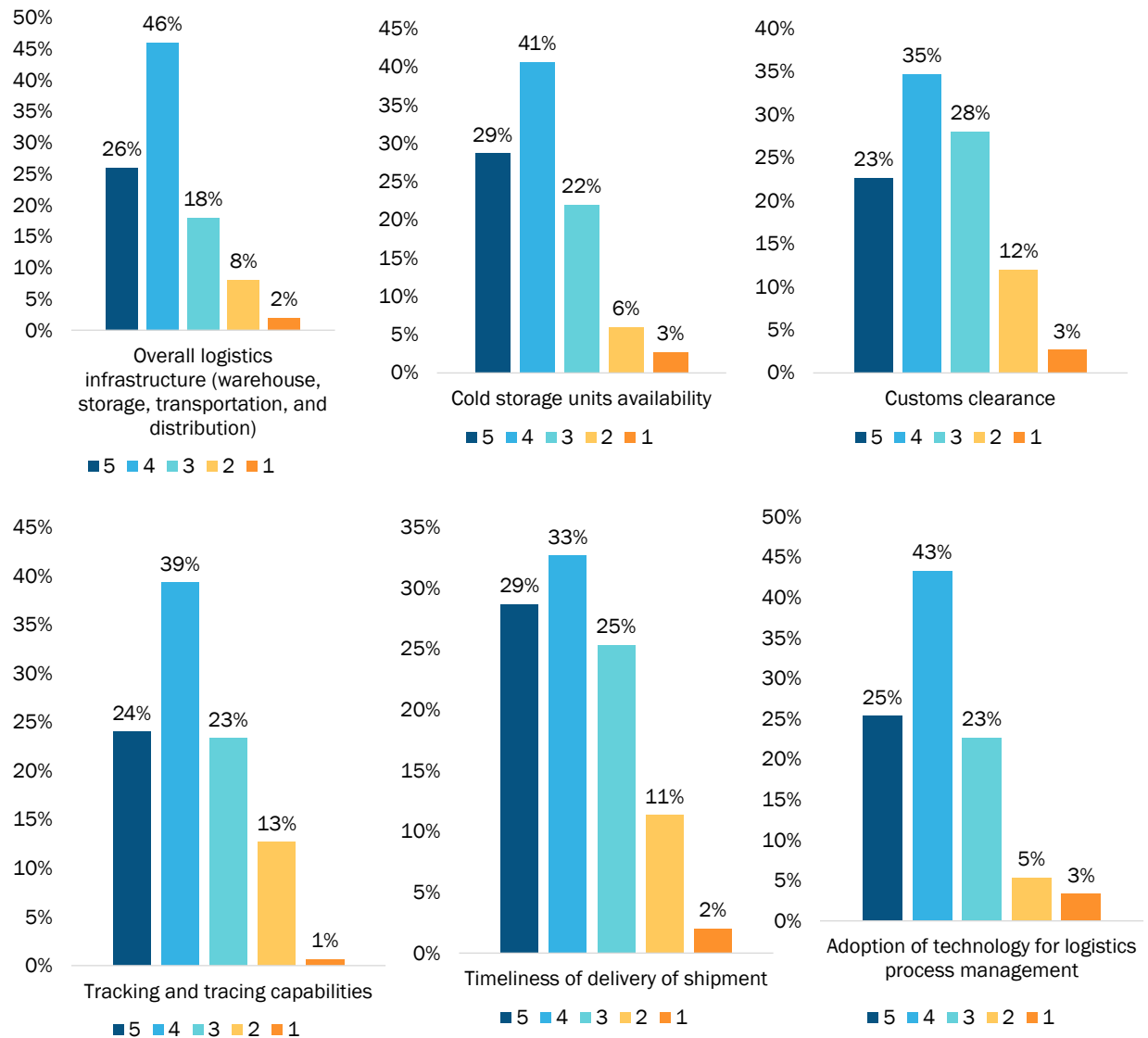
### 9.3. LOGISTICS SECTOR OVERVIEW

**FIGURE 14. CURRENT BARRIERS FOR THE LOGISTICS SECTOR IN SAUDI ARABIA**



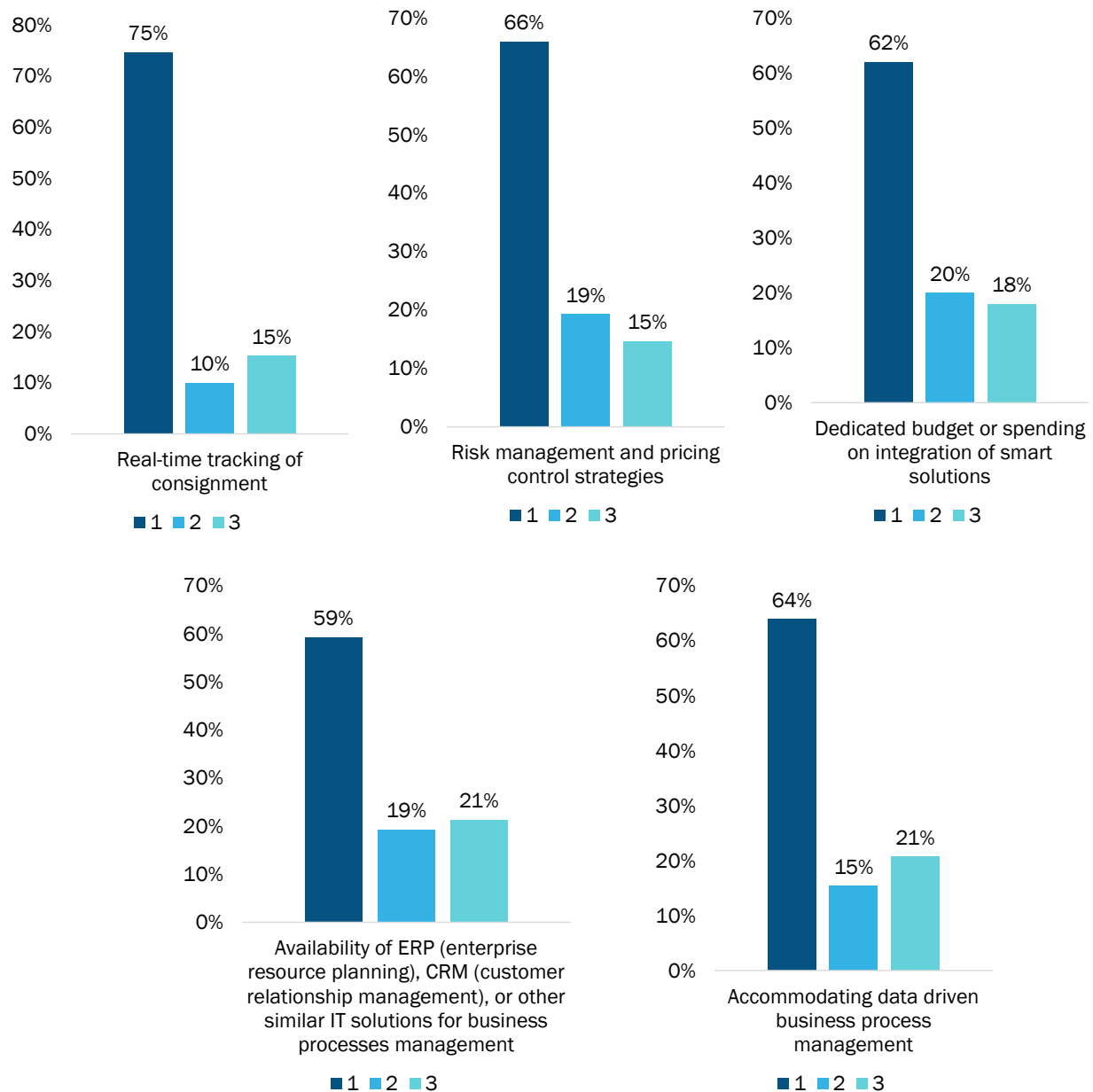
Source: Gulf Research Center Analysis, 2021 and High Beam Global.

As seen in Figure 14, the adoption of technological solutions to enhance efficiencies, infrastructure modernization, and policy making are the present barriers for Saudi Arabia's logistics sector.

**FIGURE 15. LEVEL OF SATISFACTION WITH LOGISTICS PERFORMANCE**

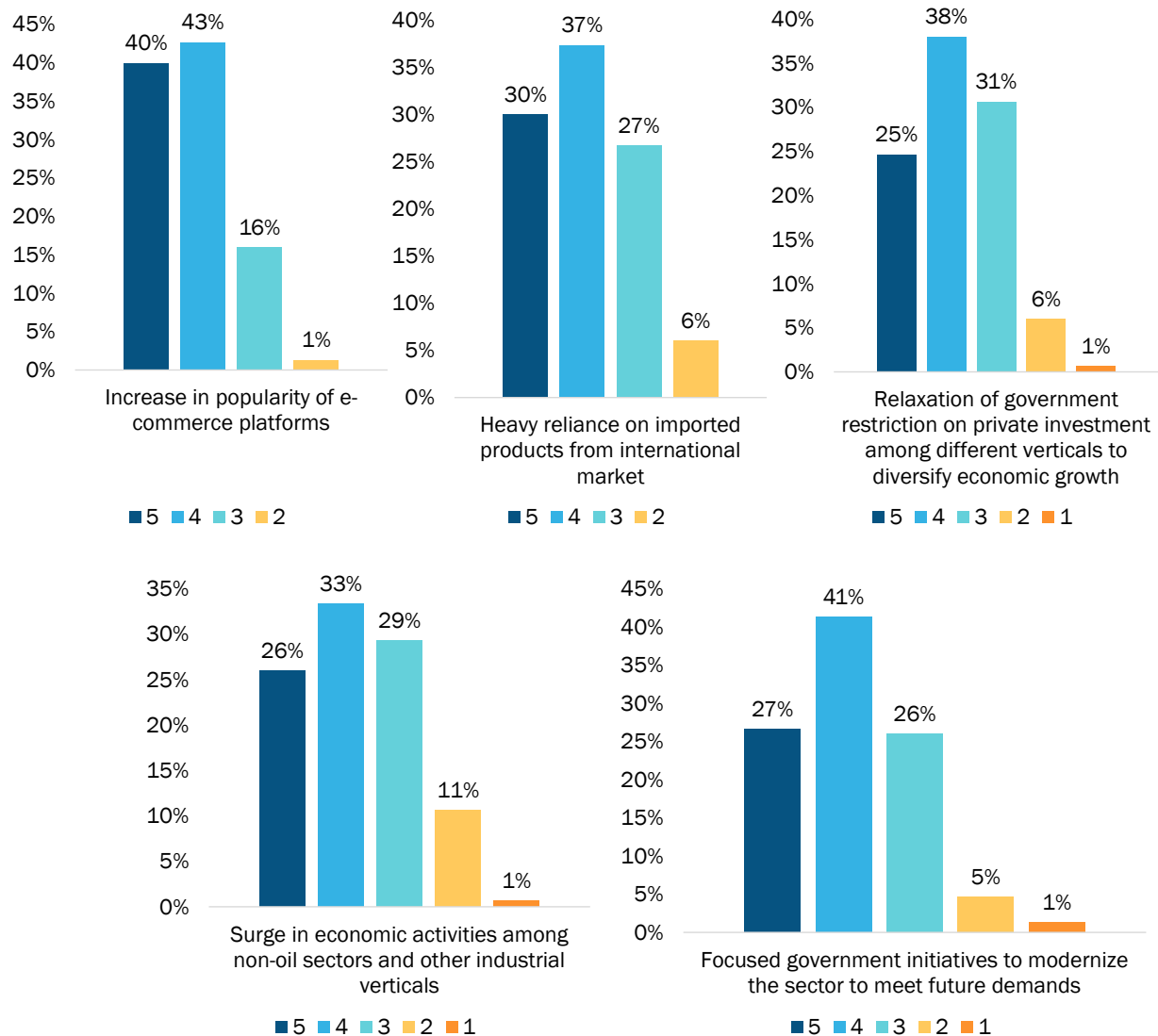
Source: Gulf Research Center Analysis, 2021 and High Beam Global.

Overall logistics infrastructure, availability of cold storage units, and adoption of technology for logistics process management are the primary logistics performance metrics in Saudi Arabia where respondents are more satisfied, as shown in Figure 15.

**FIGURE 16. ATTRIBUTES THAT ARE AVAILABLE IN THE LOGISTICS SERVICE INDUSTRY**

Source: Gulf Research Center Analysis, 2021 and High Beam Global.

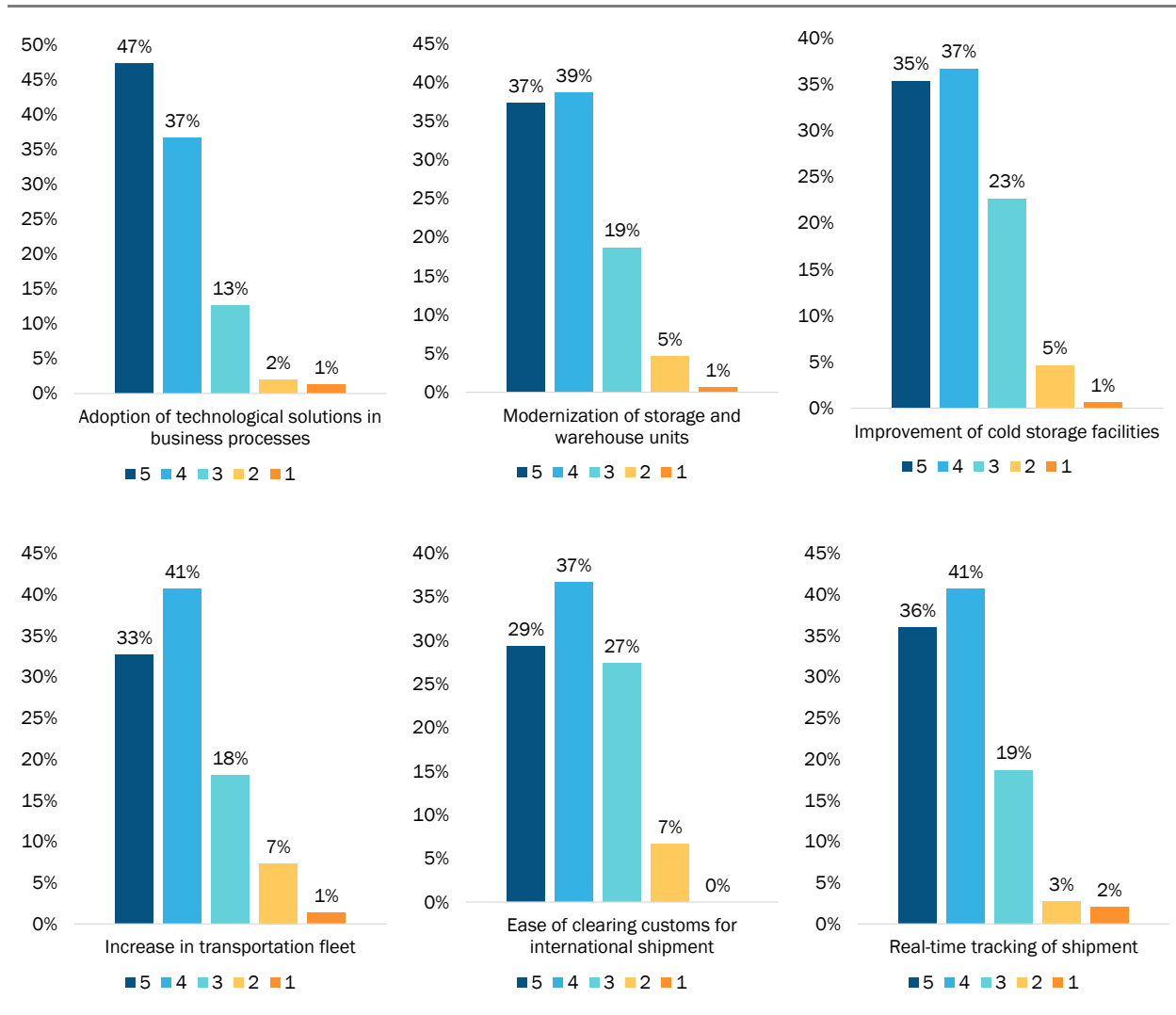
As indicated in Figure 16, typical primary qualities offered by the logistics service-based firms operating in Saudi Arabia include real-time consignment tracking, risk management, and pricing control strategies.

**FIGURE 17. FACTORS DRIVING THE LOGISTICS INDUSTRY'S EXPANSION**

Source: Gulf Research Center Analysis, 2021 and High Beam Global.

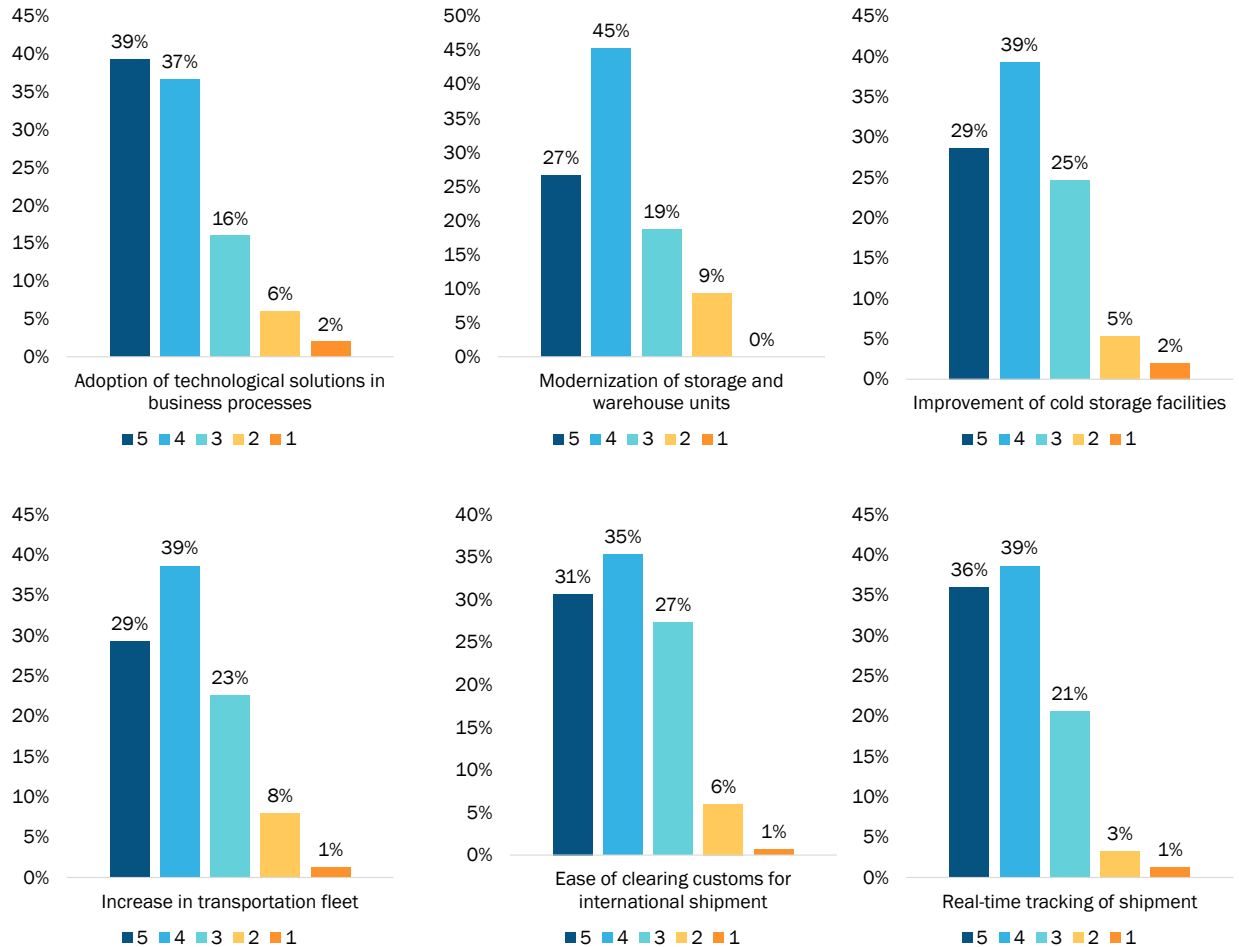
As seen in Figure 17, the majority of respondents strongly believe that the rise in popularity of e-commerce platforms and targeted government initiatives to modernize the logistics sector are the primary drivers of the logistics industry's growth.

**FIGURE 18. COMPONENTS THAT HAVE SEEN SUBSTANTIAL IMPROVEMENT IN THE LOGISTICS SECTOR OVER THE LAST FIVE YEARS**



Source: Gulf Research Center Analysis, 2021 and High Beam Global.

As shown in Figure 18, the majority of respondents believe that technological solutions in business processes and modernization of storage and warehouse units are the components that have seen the most significant improvement in the logistics sector over the last five years.

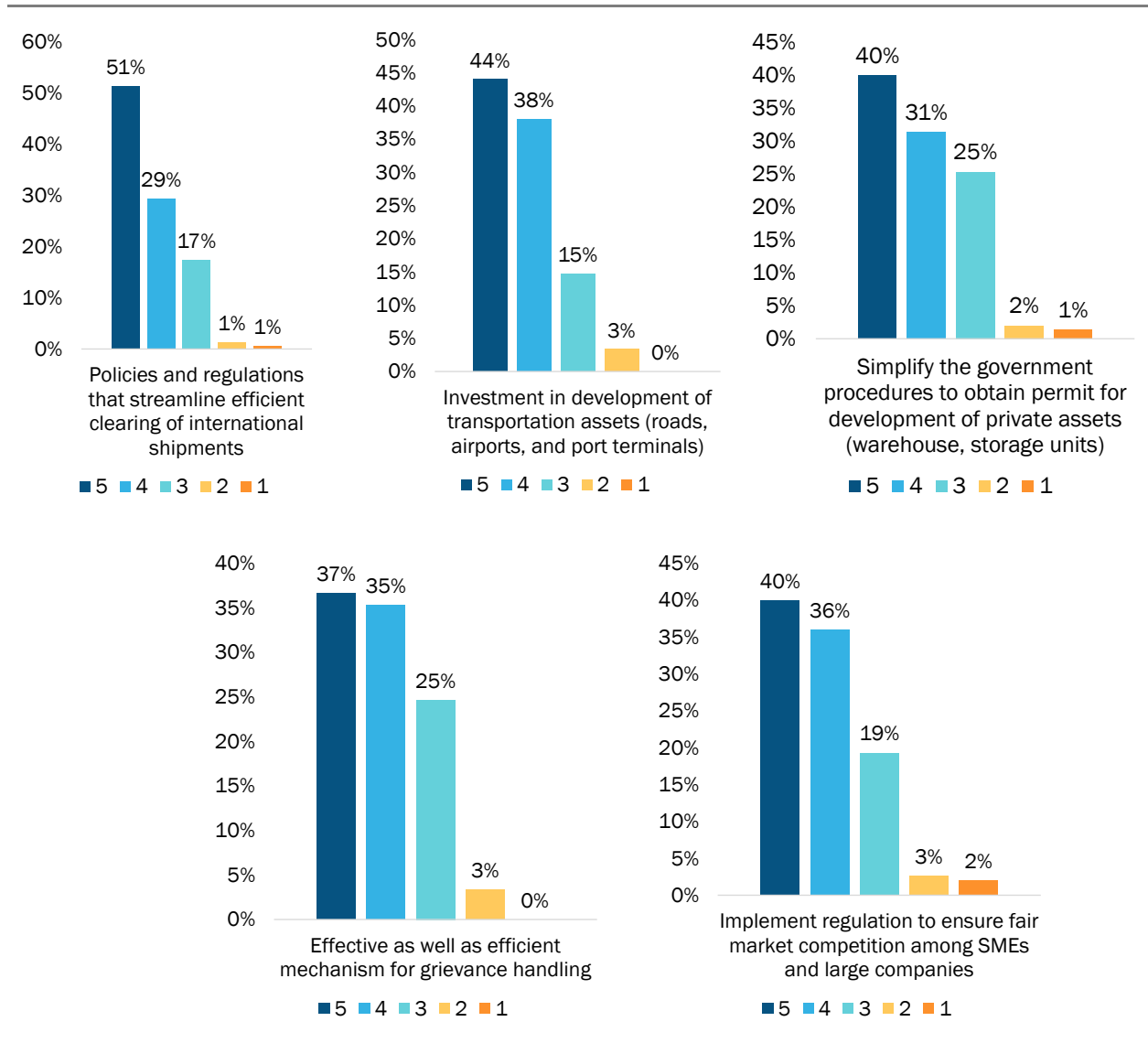
**FIGURE 19. COMPONENTS THAT HAVE DEVELOPED LEAST IN THE LOGISTICS SECTOR IN LAST FIVE YEARS**

Source: Gulf Research Center Analysis, 2021 and High Beam Global.

As indicated in Figure 19, the majority of respondents believe that real-time shipment tracking is one of the components that have experienced the least development in the logistics sector in the last five years.

#### 9.4. RESPONDENT FEEDBACK ABOUT LOGISTICS SECTOR

**FIGURE 20. VIEWS OF RESPONDENTS ON GOVERNMENT INITIATIVES FOR THE EXPANSION OF THE LOGISTICS SECTOR**



Source: Gulf Research Center Analysis, 2021 and High Beam Global.

As shown in Figure 20, the majority of respondents believe that the government should take steps to develop policies and regulations that streamline the efficient clearing of international shipments, as well as invest in the development of transportation assets (roads, airports, and port terminals) to help the logistics sector grow in the future.

## 10. LOGISTICS SECTOR – SAUDI ARABIA VERSUS REST OF MIDDLE EAST

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### 10.1. OVERVIEW

The transport and logistics hubs in the Middle East have expanded their reach beyond the region, as they are filling gaps in the market created by Africa, Central Asia, India, and Pakistan's lack of transportation infrastructure and service availability. In addition to catering to the intraregional distribution of commodities, these hubs can serve as a gateway for goods from Asia, Europe, or North America.<sup>23</sup> Governments in the GCC countries are investing heavily in digitalization to foster long-term economic growth. As a part of Vision 2030, Saudi Arabia is focusing on expanding the role of the private sector in the economy and diversifying the economy away from the oil industry. The UAE places greater emphasis on transportation & logistics. The UAE Vision 2021 has set ambitious goals of making the UAE the number one country in the world in terms of air transport and port facilities as well as positioning it among the top 10 logistics hubs. With a major dependence on innovations, the UAE has listed digital technology among its seven key national sectors.<sup>24</sup>

At the beginning of April 2018, urban and transportation projects worth ~SAR2,681 billion (~US\$715 billion) were under construction or in the tendering stage in the GCC. In addition, SAR1,473 billion (US\$393 billion) worth of projects are in progress, while another SAR1,207 billion (US\$322 billion) worth of projects are in the planning stage.<sup>25</sup>

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<sup>23</sup> <http://www.logisticsexecutive.com/wp-content/uploads/2015/01/The-Middle-East-Logistics-Market-Whitepaper-Series.pdf>.

<sup>24</sup> <https://www.strategyand.pwc.com/m1/en/reports/putting-gcc-transportation-and-logistics-in-the-drivers-seat.pdf>.

<sup>25</sup> GCC Transport, Planning and Mobility Market Report 2018/2019.



## Saudi Arabia:

A few of the major projects contributing to the growth of the logistics industry in Saudi Arabia are as follows:

- **KSA National Rail Network:** Major investments are being channelled toward improvements in rail and transportation infrastructure.
- **Riyadh Metro:** This is the world's largest metro project, worth US\$22.5 billion; it has six metro lines with driverless operations. The metro network has been planned to cover a length of 176 km with 85 stations.
- **North-South Railway:** Inaugurated in February 2017, it is the world's largest railway construction and network, which will support the development of the mining industry, Saudi Arabia's third pillar of the economy after oil and gas.
- **King Abdullah Port Expansion:** The project valued at US\$2 billion aims to modernize the country's second-largest port; it would further bring it in line with the ports in other GCC countries.

## UAE:

A few of the major logistics industry projects in the UAE are as follows:

- **Al Maktoum International Airport Expansion:** The first phase of this large-scale infrastructure project included two parallel, 4.5-kilometer-long runways as well as a new 165,000-square-meter terminal with the capacity of 35 million passengers per year.
- **UAE National Rail Project—Etihad Rail:** Etihad Rail's 1,200-km network stretches from Saudi Arabia's border to Oman's border and will serve about 16 million passengers and 50 million tonnes of freight.
- **Fujairah Port:** The project will comprise a 1,000-meter quay and a 300,000-square-meter storage yard along with 16.5-meter-deep berths, which will increase the port's capacity and allow docking of larger vessels.
- **Abu Dhabi Road Projects:** Abu Dhabi will spend US\$0.3 billion (AED1.131 billion) on a 10.5-km new road corridor with five bridges connecting Umm Lafina and Reem Islands to Shaikh Zayed Street; the project is expected to improve traffic flow on three islands.

## Oman:

A few of the major projects in the logistics industry in Oman are as follows:

- **Oman National Rail Network:** Railway infrastructure has become a top priority in Oman. Oman Rail intends to build a 2,135-km national network as part of the GCC rail network, connecting the country's southern regions for ensuring enhanced port connectivity. This rail network is meant to transport people and freight with maximum speeds of 220 km/hour and 120 km/hour, respectively.
- **Mineral Line:** The Oman Mineral Line allows the transportation of 5 million tons of gypsum, 5 million tons of limestone, and ~1 million tons of oilfield equipment annually. The minerals-based railway freight line spans 375 km, and connects Shuwaymiyah and Manji to Duqm Port.
- **New port in Sur:** Oman has announced its plans for development of a new port near Sur Industrial Estate to link Oman with other economic hubs.

## Kuwait:

One of the major projects in the logistics industry in Kuwait is:

- **Kuwait National Rail Road (KNRR):** The KNRR is a 511-km-long integrated rail network that would serve both freight and passenger needs. It is expected to connect Kuwait City and its Kuwait airport with the rest of the GCC countries.

## 11. WAY FORWARD

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- **Recommendation 1:** The ongoing growth of pharmaceuticals and food & beverages industries in Saudi Arabia necessitates the establishment of cold chain storage facilities in the country., The government should therefore focus on providing aid to regional and national players engaged in the development of advanced cold chain storage infrastructure near industrial areas.
- **Recommendation 2:** Saudi Arabia needs to focus on the advancement of several aspects of the e-commerce ecosystem for promoting the e-commerce industry's growth. Consumer awareness and trust and secure payment gateways, as well as a reliable logistics ecosystem and network infrastructure, are all critical aspects that need to be focused on by the government of Saudi Arabia.
- **Recommendation 3:** Structural developments in the industrial and retail sectors are projected to drive the demand for strategically well-located and highly specialized warehouses as well as logistics and distribution facilities in the medium to long term. With a continuous increase in production capacities, Saudi Arabia requires large warehouse facilities with automated processes.
- **Recommendation 4:** Automation in the logistics industry requires focusing on such aspects as Artificial Intelligence (AI), the Internet of Things, Data Analytics, Blockchain and many other technological advancements. The logistics industry is powered by the implementation of technology-driven innovation in business processes. The government of Saudi Arabia should focus on automation in the logistics industry, as this will bring significant increases in productivity and efficiency in workflow. Machine learning and AI can turn supply chain data into assets for informing and improving business operations.
- **Recommendation 5:** Localising the supply chain is also one of the recommended means to boost the logistics market. Since customers expect same day delivery among their fulfilment options, localising the supply chain can help significantly.

## 12. APPENDIX

### 12.1. LIST OF ABBREVIATIONS/GLOSSARY

**TABLE 5. LIST OF ABBREVIATIONS/GLOSSARY**

Acronym	Expansion
Bn	Billion
CAGR	Compound Annual Growth Rate
DROT	Drivers, Restraints, Opportunities, Trends
GCC	Gulf Cooperation Council
PPP	Public-Private Partnership
PIF	Public Investment Fund
SWOT	Strengths, Weaknesses, Opportunities and Threats
US\$	US Dollar
MEA	Middle East & Africa
Mn	Million
NIDL	National Industrial Development and Logistics Program
SEZ	Special Economic Zones
PTA	Public Transport Authority
TEUs	Twenty-Foot Equivalent Units
SAG	Saudi Arabian Government
RSGT	Red Sea Gateway Terminal
EPI	Environmental Performance Index
SAGIA	Saudi Arabian General Investment Authority
FDI	Foreign Direct Investment
NTP	National Transformation Program
SAL	Saudi Arabian Logistics
BI	Business Intelligence
KPIs	Key Performance Indicators
ARLS	Automatic Reefer Loading Systems

Source: Gulf Research Center Analysis, 2021.

## 12.2. REFERENCES

- Saudi Arabian General Investment Authority
- National Transformation Program
- Public Investment Fund
- Ministry of Transport and Logistics Services

### 12.3. QUESTIONNAIRE

#### Questionnaire – Logistics Sector

**Target Audience:** Any working professional belonging to the logistics sector (preferably not from entry-level positions) in Saudi Arabia

**Questionnaire:** Total 3 sections and 19 questions

Section A – Demographics (7 questions)	
Question	Options
Q1. Business Experience	Up to 5 years of business experience
	6 to 10 years of business experience
	11 to 20 years of business experience
	More than 20 years of business experience
Q2. Gender	Male
	Female
Q3. Location	Riyadh
	Jeddah
	Makkah
	Madinah
	Sultanah
	Dammam
	Ta'if
	Tabuk
	Al Kharj
	Buraydah
	Other City - Please specify
Q4. Nationality	Saudi Nationality
	Non-Saudi Nationality
Q5. Company Type (in terms of ownership)	State-owned company
	Saudi-based company
	Joint venture company
	Foreign company with presence in Saudi Arabia
	Others

Section A – Demographics (7 questions)	
Q6. Employee size of your current organization	Up to 50 employees
	51 to 150 employees
	151 to 250 employees
	251 to 500 employees
	More than 500 employees
Q7. Number of years of experience you have in the logistics industry	Up to 5 years of experience
	6 to 10 years of business experience
	11 to 20 years of business experience
	More than 20 years of business experience

### Section B – Sector Overview (6 questions)

Q1. According to you, what are the current bottlenecks for the logistics sector in Saudi Arabia?					
Factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Policy making					
Infrastructure modernization					
Customs and import duty					
Lack of centralized information system for intermodal transportation					
Availability of skilled workers					
Adoption of technological solutions to boost efficiencies					
Inadequate initiatives by current management to improve business services					
Lack of effective transportation cost management, planning & risk management, or other business process management strategies					

<b>Q2. State your satisfaction level for the following logistics performance indicators in Saudi Arabia</b>					
Factor	Extremely Satisfied	Very Satisfied	Neutral	Slightly Satisfied	Not at all satisfied
Overall logistics infrastructure (warehouse, storage, transportation, and distribution)					
Cold storage units' availability					
Customs clearance					
Tracking and tracing capabilities					
Timeliness of delivery of shipment					
Adoption of technology for logistics process management					

<b>Q3. State the following attributes' availability in your logistics service-based business offerings</b>			
Attribute	Yes	No	Maybe, do not know
Real-time tracking of consignment			
Risk management and pricing control strategies			
Dedicated budget or spending on integration of smart solutions			
Availability of ERP (enterprise resource planning), CRM (customer relationship management), or other similar IT solutions for business processes management			
Accommodating data driven business process management			

<b>Q4. State your agreement or disagreement levels regarding the following factors that are propelling the growth of the logistics sector in Saudi Arabia</b>					
Factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Increase in popularity of e-commerce platforms					
Heavy reliance on imported products from international market					
Relaxation of government restriction on private investment among different verticals to diversify economic growth					
Surge in economic activities among non-oil sectors and other industrial verticals					



Focused government initiatives to modernize the sector to meet future demands					
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**Q5. According to you, which of the following components have witnessed most notable improvement in the logistics sector in the last five years?**

Factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Adoption of technological solutions in business processes					
Modernization of storage and warehouse units					
Improvement of cold storage facilities					
Increase in transportation fleet					
Ease of clearing customs for international shipment					
Real-time tracking of shipment					

**Q6. According to you, which of the following components have developed least in the logistics sector in the last five years?**

Factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Adoption of technological solutions in business processes					
Modernization of storage and warehouse units					
Improvement of cold storage facilities					
Increase in transportation fleet					
Ease of clearing customs for international shipment					
Real-time tracking of shipment					

## Section C – Sector Overview (6 questions)

Q1. In the coming years, what initiatives would you like to see from the government for logistics sector growth?					
Factor	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Policies and regulations that streamline efficient clearing of international shipments					
Investment in development of transportation assets (roads, airports, and port terminals)					
Simplify the government procedures to obtain permit for development of private assets (warehouse, storage units)					
Effective as well as efficient mechanism for grievance handling					
Implement regulation to ensure fair market competition among SMEs and large companies					



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