

# Investors Diving into Middle East's Deepening Infrastructure Waters

By John Jeter

Doha, Qatar - Diversify or die, the water's great. Actually yes, on a mid-March meeting, the Persian Gulf's 600+ million for a new steel rolling plant downtown, much of the \$60 billion to Seaside Beach in 10 years, virtually all of them empty. What's the question? Why so much prevention? Well, Mesopotamia Road serves as a micro-illustration of the region's focus on infrastructure, which stakeholders see prove how inviting investment waters are.

**"The Middle East really is becoming a logistics hub. I'm talking about hundreds of billions of dollars being spent on ports, airports, railways, roads."**

- Bassel El Dabbagh, Agility GIL



"The Middle East really is becoming a logistics hub, with not only one country but several countries investing significantly in infrastructure," says Bassel El Dabbagh, CEO of Agility GIL (Global Integrated Logistics). In Kua Sharq, "we're talking about hundreds of billions of dollars being spent on ports, airports, railways, roads."

Roads aren't headline-grabbers, those include Dubai's Select 2A Port, with DP World's new \$16 billion Terminal 4, or Saudi Arabia's search for \$40 billion in private-sector financing for a new of projects, including the new airports. Oil roads are paving the way to industrial strength growth in the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates).

In a February, on Orient House Research report, "Oil & Gas Development Road Infrastructure GOC" noted \$14 trillion in active infrastructure

developments across the region, most in road building, 1,000 projects totaling \$425 billion.

Drive through published reports and interviews with local papers and you'll see even more projects under way with dimensions and ends that will make your head spin. A very few examples:

South Africa's Vizion 2000 program, dated last September, designates zones, investments \$4 billion in "ports and social infrastructure" including roads,

growing, having undergone development over the past decade now, including four terminals' Container Terminals 4 or T4, is "due to begin operations soon," the spokesman adds, giving the Middle East's largest seaport an overall capacity exceeding 22 million TEUs.

"By adding value at more points on the supply chain through ports, inland container depots, free zones and special economic zones with digital technology we can increase efficiency and speed to customers," the spokesman adds.

These nodes, some of which offer 100% foreign ownership, include the regional hubs/stubs, so-called "logistics cities." Here are just a very few examples. The massive Dubai World Center features Dubai Logistics City Maritime City and Seafarers capacity of 12 million tons the \$52 billion DHL Logistics City on the outskirts of Beirut, Jordan and King Abdullah Economic City, a \$100 billion project that includes the King Abdullah Port, listed as the world's second-fastest growing port and among the world's 20 million TEUs.

Abu Dhabi is looking to raise \$3 billion in its nearly 400 miles of land from the Saudi border to the UAE's east coast in the second stage of a planned \$11 billion network eventually totaling the GCC, according to reports in July.

Behrakis' \$32 billion aircraft urban airport helped him Frederik Nyström an anchor tenant at Bahrain International Airport, one 800,000 visitors, 20,000-square-foot canopy, according to the Japan Times in February.

Dubai-based DP World has

**"Digitalization is no longer just a nice-to-have strategy. It's a must."**

- Fredrik Nyström, GAC Group

invested \$10 million toward Virgin Hyperloop One's tube-transport system that can carry passengers and palletized cargo at speeds exceeding 600 mph, according to a variety of published reports.

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initiatives provide a leadership opportunity," he says, noting. "Although the GCC is still not as sophisticated as some on the technological front, GAC is committed to continuing to invest in this area in order to anticipate and adapt."

Meanwhile, despite the Middle East's volatility for geopolitical tensions, oil and gas stability, and investing in the crossroads of international trade disputes,

he lists several reasons for investing here.

"In addition to the strategic location and infrastructure spending look at the business environment, in terms of laws and regulations, particularly as they relate to logistics, those continue to be updated regularly. It's more appealing for business, less restrictive and with more focus on ease and speed of doing business," Nyström says.

Like others, he cites increasing Chinese interests. In just one instance, as the Financial Times reported in May, a Chinese conglomerate initiated a \$5-billion feasibility study for a \$10 billion development at Khalifa Industrial Zone Abu Dhabi.

"Investors should be investing now," he says. "It's still in a very attractive environment for investors."

## Airline, 3PL Relate Overnight Logistics Response to Blockade

By John Jeter

Doha, Qatar - It's nearly 11 pm, local time or early 1 am when a night flying Captain Halleux, Chief Cargo Officer of Qatar Airways Cargo, lands in Melbourne. He turns on his telephone to find a flight with dozens of tests and missed calls. A series of seriously global proportions.

"I couldn't believe it," he says, recalling the June 5 air line's year ago when the country dropped a sudden and stunning blockade around the tiny Persian Gulf nation—stalling with Bahrain, two Saudi Arabia, UAE, Yemen, and the Maldives immediately following. "Could this escalate?"

No, but the surprise—and surprising-blockade, which resulted a geopolitical headache, did escalate supply-chain operations to what had to be one of the world's largest emergency-hub logistics operations in recent memory.

In March, Halleux and manager Philippe Philips, General Manager of GAC Logistics, the largest 3PL in the country, received a HHSRA report to their respective offices. They discussed everything from the blockade to GAC's massive multimodal door-to-Logistics Village Center in Qatar Airports addition of the new cargo freighter earlier this year.

The blockade hit with stunning force and was met with an equally stunning response. Qatari air travel controller with a population of 2.8 million, was reporting 100% staffed 60% of customs at Gulf neighbors, according to news reports. While the only road with access to Saudi Arabia was closed, linking all traffic into Qatar.

Halleux says Qatar Airways Cargo flew 15 charter a day for the first month of the crisis

while Philips says some 400 charters during the same period, mostly utilizing the Manama Port day-night prediction. Qatar could face a food crisis if spot with Asia neighbors."

"We immediately started to work on a contingency plan by double or triple releases of freight out from Australia to Qatar," Halleux says. Not just that, Qatar Airways Cargo along with carriers from a raft of allied nations, rolled-to-bring in perishables from produce to dairy products, along with everyday necessities.

"We even had to adapt some trailers to accommodate goods," Philips says.

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- Guillaume Halleux,  
Qatar Airways Cargo



as many other countries."

With the blockade behind them—the crisis part of it, anyway—Halleux and Philips look forward. Philips looks out his office window, where, in the distance, he can see one of the eight new stadiums built for the 2022 World Cup in Qatar.

GAC already handles logistics of international games, given Philips says. Within months the world's largest sporting event around the another day at the office—all this in a country that managed through geopolitical debate that few, if any, other nations have had to face in the millennium. A Rishon-like philosophy of sorts.

In an email, Undersecretary General of the World Cup, "We do expect a surge of air volumes in 2022, related to delayed projects mostly or to last-minute orders."