

Schenker Saudi Arabia

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Privatization pays off for Saudi Ports

Source : Saudi ports authority

Saudi ports have recorded significant growth in containers been handled during April 2007 compared to the same month late year. The number of containers increased by 6% and general cargo increased by 10% compared to the same month last year while live stock numbers grew by a massive 97%.

Despite lagging behind the transshipment hub still maintained annual growth in container handling during recent years with the number of containers handled reaching



Jeddah Islamic Port

3.8 Million TUE last year.

The authorities are expecting the figures to continue on their upward trajectory and have begun training up employees to cope with predicted demand.

“The authority is working to achieve qualitative development following its transformation into a public corporation,” explained Musaed Al-Darees, administration general manager at the Saudi Ports Authority.

The privatization of the terminals in Saudi Arabia has proved a critical turning point in the handling capabilities throughout the Kingdom’s seaports. “Privatization of the ports has achieved great

DaimlerChrysler and Schenker officially open supplier park in Bremen

Production and logistics in sync: new industrial park supplies the assembly of Mercedes-Benz C-Class at Bremen plant

Source : Schenker Internal

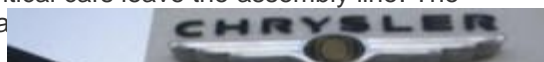
DaimlerChrysler and Schenker Deutschland officially put the industrial park in Bremen, Germany into operation with a symbolic handover of keys in the presence of the State Senator for Economics Ralf Nagel and approximately 100 guests from the political, business and public administration sectors on Friday.

Hans-Jörg Hager, Chairman of the Board of Management of Schenker Deutschland AG, and Peter Schabert, Head of the DaimlerChrysler production plant in Bremen, praised



the new industrial park as an ingenious and highly efficient interface between external logistics and production. On the occasion of the start of production of the new Mercedes-Benz C-Class, the industrial park was tailored specifically to supply the parts and vehicle modules for the assembly of this series at the Bremen production plant. The logistics experts at Schenker Deutschland AG will use the park to combine parts provided by more than 20 sub-suppliers and then route them to and in sequence with the assembly lines down to the second.

According to Peter Schabert, “the basis for our actions is always what our customers want. And they want more individual features, so much so that practically no two identical cars leave the assembly line. The industria



successes and the model of Saudi ports has become an example that can be adopted by many other government sectors.” Said Al-Darees.

A project for the construction of a new container terminal at Jeddah to boost handling capacity to 6 million TEU is also underway. He explained that the Authority has concluded a BOT project for the construction of a new container terminal at Jeddah Islamic Port (JIP), adding that the project is expected to finish by 2009 and will bring the handling capacity to more than 6 million TEU. The project also includes the construction of a two million TEU capacity container handling berth at the re-export area.

Total investments expected in the Project may reach more than 1.6 billion Saudi riyals (\$ 427 million). Development and expansion works at King Abdul Aziz Port in Dammam are also in progress. This is expected to double the capacity of the port as it can reach 2 million TEU annually.

Work will soon start in the construction of a container terminal at Dhaha port to the north west of the Kingdom after finalizing the project studies, and will be implemented through BOT system.

Al-Darees reaffirmed that the continuous revision and streamlining of the ports processes and documents in coordination with other government sectors, have led to the acceleration of works been completed. He disclosed that the Authority is moving towards the electronic exchange of documents.

Portrait of a project logistician

Source : Schenker Internal

An Interview with Mr. Klaus Gonschorek, Schenker senior vice president for global project team network

Mr. Gonschorek, new factories and industrial facilities are springing up like mushrooms, and project logistics is booming to such a degree that there is a shortage of qualified staff. What makes a good project logistics consultant – and what is special about Schenker project logistics?



It is very simple: international operations, flexibility, and specialist knowledge. The Schenker brand represents a network, financial stability – and a human face. We have extraordinary, committed

park is an important facility for the Bremen production plant because it helps us ensure that our customers **DaimlerChrysler is the world fifth largest car**

Manufacture

receive their customized vehicle as quickly as possible and by the agreed delivery date.”

Pointing to the global remit of logistics, Hans-Jörg Hager explained: “Supply chains are becoming increasingly global. Nowadays parts arrive from every continent. That means supply logistics and controlling the supply chain are becoming increasingly complex and more demanding activities.”

At present Schenker Deutschland introduces about 21,000 vehicle parts and modules per day to DaimlerChrysler’s production process in Bremen. Around 100 Schenker employees unload roughly 50 trucks, which bring parts from German, European and overseas suppliers, at the industrial park’s goods-in area every day. The parts are then booked, put into buffer storage and delivered on demand to the plant, six kilometers away.

small number of customers. Small jobs are door-openers.

What does it mean for a sector if the companies are working to the limits of their capacity?

Companies often receive a very strict timetable from their contractors which is at the very limits of what is possible. So, we have to adjust own plans accordingly. This requires a high degree of flexibility and commitment on the part of our workers. Our business does not follow an annual cycle, we experience peaks of intense activity.

How do you maintain the quality of such services?

Quality is a problem only if the time pressure also increases. Industrial plant earns money only if it is operating, so customers do their best to accelerate the construction process. The pressure to meet deadlines today is enormous – and suppliers are scattered all across the world, so we cannot afford to make any mistakes.

How can suppliers make guarantees?

At the big stage the contractor makes detailed inquiries about our technical concept. When we get the job we create a project team with a project director and then implement the concept which has been agreed. At the

colleagues who are continually on the job and are highly flexible at the same time.

How has the market changed for plant construction operating around the globe?

Plant contractors have always had plenty to do, but there has been an immense increase in demand, especially as a result of higher oil prices. This creates a great challenge for the sector, from both a qualitative and the quantitative standpoint. Focus is on the Arabian Peninsula. The oil states are now building their own industrial plants: refineries, gas liquefaction plants, or chemical factories. Things are different, however, in Asia. There, large number of power stations are now being constructed. The growing economies of China and India have vast energy requirements.

How has this affect Schenker?

We have always been heavily involved in the projects sector, particularly in the Middle East. We have just set up a regional head office in Dubai with a focus on project logistics. We began our operations in Japan in the same way in the 1970s – and today we are well represented there. We are currently expanding in the North America market and in Britain, where we have up until now played a very modest role. But we have focused in building up an expanded department structure and hiring highly qualified people. We have won some big contracts quickly. Also, the largest gas and oil companies in the US and UK have headquarters in areas where we have already concentrated our activities.

What kinds of customers need project logistics services?

Our customer base is very small and you cannot compare it to other sectors of the business. Ten to 15 companies in Germany and about the same number in Japan or the UK. We have to focus our attention on this

Cont...

Schenker Ltd. has won the 2007 Customer Care Award at one of the UK cargo industry's most prestigious awards ceremonies – the IFW Freighting Industry Awards

Source : Schenker Internal

A delighted UK CEO Klaus Eberlin says: "This award is testament to the hard work and effort that many people in our team make on a day to day basis to deliver excellent customer service and timely service delivery. In such a competitive industry our continued success and ability to



same time we are also increasingly hiring people who formerly worked for our customers. This is important to be able to respond swiftly to the individual needs of the client. The most important thing is to be able to see any unforeseen events or circumstances from the perspective of the customer.

How does Schenker coordinates the various delivery phases associated with an international project?

For a project such as construction of an oil refinery in Saudi Arabia transports from all around the world is necessary. These transports are managed by project teams set up in the individual countries. The teams work closely with the project director as well as project colleagues around the world. Key factors here are the ability of the supplier and carrier to work on an international basis, as well as personal contacts. In this respect Schenker has a clear advantage because of our worldwide network.

How did you get involved in project logistics?

After my training in freight forwarding sales I was taken into projects logistics department. I was fascinated by the job because every day there is something new, and it was exciting to find solutions to a wide variety of problems. Also to see how one can make a contribution to the construction of a giant industrial plant.

Biography

Global Business

Experience: Klaus Gonschorek can look back on 30 years in the project logistics business. The 52-year old has been working for Schenker since 1971
Project Business: After his training as a shipping agent, Dusseldorf born Gonschorek became the Region west Managing Director in the air/sea sector at Schenker in Germany. He has been responsible for the global project business at Schenker since 2005

Ted Stevens Anchorage International Airport: -

By: Imran A. Khan , Source: Various

It is the major airport in the United States state of Alaska located 4 miles (6 km) southwest of downtown Anchorage.

Named after current and long-standing U.S. Senator Ted Stevens, it is Alaska Airlines' second-largest



grow our business comes down to how we speak and react to our customers needs whether they are a major Global company or a small local company that only uses us for the odd shipment".

"I would like to thank all our staff for helping us win this award, this recognition is also more evidence of how we have all embraced the integration, and our chosen policies and working practices, as these formed the main part of our entry submission, in particular our unique customer service program" he went on to add.

The IFW's independent panel of judges commented, "It's hard enough to ensure effective customer care in a small company. A large organization needs real commitment, and the success of Schenker's policies was reflected by many positive customers' reactions". The quality of measurement and the use of a customer service handbook drew special commendation from the judges.

With 26 locations and almost 1,000 employees, Schenker in the United Kingdom provides the complete range of land operations, international air and ocean freight forwarding and all related integrated logistics services.

hub, after Seattle. It is also a major cargo hub and, as of 2005, ranks as the world's third-busiest airport by cargo traffic, after Memphis and Hong Kong. The majority of passenger flight operations are on Alaska Airlines to and from Seattle (an average of 20 flights per day) and Fairbanks (an average of 13 flights per day).

Anchorage was a common stopover for passengers flying to East Asia from the 1960s to the 1980s because U.S. and Western European aircraft could not fly over Soviet airspace, and because they did not have the range that modern-day aircraft have. Today, many cargo carriers continue to use Anchorage. Some passenger aircraft still stop at Anchorage on flights between Asia and the eastern United States. FedEx and UPS operate major hubs at Anchorage International for cargo heading to and from the Far East.

Anchorage is also envisioned as a future connecting point for air traffic to the Russian Far East. Although no flights presently link Anchorage and Russia, there are plans to add flights to Sakhalin in the near future to meet the demands of U.S. oil companies. [1] Many of Alaska's North Slope workers live either in Anchorage or elsewhere in the Lower 48 states and fly through the airport to their jobs in Prudhoe Bay.

Ted Stevens Anchorage International Airport covers 4,500 acres (1,821 ha, 18.21 km²) and has three runways:

- Runway 7L/25R: 10,600 x 150 ft. (3,231 x 46 m), Surface:
- Runway 7R/25L: 10,900 x 150 ft. (3,322 x 46 m), Surface:
- Runway 14/32: 11,584 x 150 ft. (3,531 x 46 m), Surface:



Did you know this before?

11,500 jumbo jets would be needed to carry Schenker's air cargo every year.



Port in a storm

Source: MEED

Dubai's Jebel Ali port faces losing its position as the Gulf's pre-eminent transport hub as rival developments, particularly in Saudi Arabia, expand aggressively. Dubai has confounded the doubters with the success of its vast port complex at



Jebel Ali. At present, the emirate is the Gulf's trans-shipment hub and the undisputed leader of the GCC ports sector. However, the huge integrated transport infrastructure projects under way in Saudi Arabia have led observers to suggest that Dubai's pre-eminence could face a stern challenge in the coming years. With the government of King Abdullah throwing itself into a massive economic and industrial redevelopment programme, Riyadh is emerging as the new powerhouse of the region's transport sector. As well as redeveloping its commercial ports, Saudi Arabia is constructing massive new port facilities at its new industrial and economic cities.

Jebel Ali Port

Moreover, unlike much of the rest of the GCC, the country's size has enforced the creation of a substantial rail network to link the new mines, refineries and smelters with their point of export at the deep sea ports. In particular, the \$5,000 million Saudi Land bridge project, linking the kingdom's Red Sea and Gulf coasts, could significantly alter the balance of power in the GCC port market. Rail freight has been underused within the region, but Riyadh's colossal investment will offer an alternative for shipping lines that currently stop in the Gulf. With the east and west coasts of the Arabian peninsula linked overland, ships will be invited to deposit goods in Jeddah on the Red Sea coast for transportation to the Gulf, and to take on products from Jubail, Dammam, Ras al-Zour and Riyadh. The Royal Commission for Jubail & Yanbu, which runs the industrial cities of Jubail on the Gulf coast and Yanbu on the Red Sea coast, has requested an extension of the railway linking Yanbu with the deeper port at Jeddah. Using the rail link will also enable ships to avoid the Straits of Hormuz and the potential risk posed by Iranian influence on Gulf markets. Any security threat in the Gulf would impact severely on Dubai, while Jeddah would remain unaffected and the rail lines bringing goods from Saudi Arabia's east coast would keep trade routes open. "The Landbridge will almost certainly see Saudi Arabia eclipse Dubai," says Mike Wing, business development manager at UK-based engineering consultant Hyder Consulting. "It makes sense from almost every angle for Saudi Arabia to be the region's hub. If you look at the way shipping lanes are laid out, Dubai is quite painful to get to, whereas if you drop goods in Jeddah, you have regional distribution from there and only have to pay a single set of port duties."

Jeddah's current capacity of 3.5 million 20-foot-equivalent unit (TEU) containers will rise to 6.5 million when current development is completed and the new \$440 million terminal comes into operation in mid-2009. The DP World-operated Jebel Ali port now has capacity for 9 million TEUs a year, which is poised to increase to 11.5 million containers in July, with a further 2.5 million capacity to be added in 2009. The port continues to dominate the region's share of trans-shipment freight traffic between the Far East and the West, and the cargo routes around the Indian Ocean rim.



Port Rashid terminal, Dubai

Jebel Ali is also absorbing operations from Dubai's other container terminal at Port Rashid, which was constricted by Dubai's rapid urban development and is too small for the largest vessels used by today's shipping groups. DP World will also manage the new Khalifa port under construction at Taweelah in Abu Dhabi, which will have capacity of 8 million TEUs a year by the time it is completed in 2015.

Dubai has made a success of the industrial free zone adjoining the port – a model that has been much copied around the region, although with varied success. In the UAE, other port operations have had to take account of the dominant player on their doorstep and modify their strategies accordingly. Ras al-Khaimah, which lacks the mineral deposits of other emirates, has established its own free trade zone offering excellent deals to foreign investors.

The commercial port developments under way nearby are unlikely to trouble DP World unduly. APM Terminals, the container terminal division of Danish shipping giant AP Moller-Maersk, runs Salalah Port in Oman and Port of Mina Salman in Bahrain. The company will take over management of Bahrain's new BD 131 million (\$348 million) Khalifa bin Salman operation at Hidd, set to open in mid-2008. On the international market, however, the port will be marketed under the name Bahrain Gateway, an indication of the media-friendly approach of the foreign private operators that have steadily infiltrated the sector. Iain Rawlinson, general manager for sales and marketing at APM Terminals, expects the new hub in Bahrain to put Dubai under greater pressure than it currently endures, even if Manama is not about to challenge Jebel Ali directly. "In the region today, Jebel Ali is by far the strongest player, and has no real competition," he says. "The new facility at Bahrain Gateway will bring international standards of service to the Upper Gulf market and keep Jebel Ali on its toes, which from a competitive and service point of view, can only be a good thing." Bahrain, Saudi Arabia and the UAE are not the only countries that are expanding their ports. As the GCC nations grow their industrial and manufacturing bases, new demands are being placed on their transport infrastructure. With the diversification away from a reliance on oil, the Gulf's port facilities have required a substantial overhaul to cater for the new diversity of goods arriving in the region, and for the new products being manufactured for export.

Different facilities have varying ambitions: while some aim predominantly to service their domestic markets and draw in foreign investment, others are seeking to manoeuvre themselves into the international market, developing trans-shipment hubs to tap into the sector's wider potential. As with the infrastructure work under way at the region's airports, the maritime industry is capitalising on its beneficial location on major international shipping routes to position the Middle East as a significant player in the market. "Primarily, this expansion is being driven by the oil price, and the growing populations in the Middle East are raising demand," says Haider Musa, manager at UK-based engineering consultant Halcrow, which is closely involved in projects across the region. "It is not a question of taking market share from the rest of the world. China's port sector is booming, and Europe as well."

The emerging economies of the region are moving from the recent rapid phase of opportunity to a more sustained period of growth at slightly slower rates. The more robust industrial foundations being established are well-suited to a flourishing ports sector. "The movement of freight traffic by water is very underused in the region, but the rest of the world has demonstrated how efficient it should be," says Hyder's Wing. "The move towards port development has come about because the boom in private real estate is seen as getting close to a plateau, and is therefore less attractive. Major investors are diversifying their portfolios and looking to industrial property." The influence of the private sector has also been critical in the sector's development. Operations at several of the region's ports have been handed to international businesses by governments keen to lower their costs and market the port globally.

"The private sector produces economies of scale and can market the port to the international market," says APM's Rawlinson. "The impact on the local market is seen in greater efficiency. Bahrain Gateway will push to attract trans-shipment cargo. Until now, the port has fundamentally served the domestic market. As we attract bigger ships and bring better service to the local market, supply times will be reduced and Bahrain will become more competitive on an international scale." Some industry observers predict that the region is heading for overcapacity as nations rush to bring new terminals on stream all at once. However, Musa says the parallel growth of the Gulf economies will ensure demand keeps pace with the new port developments. "Immense new capacity is being created and the size of the ships catered for is rising," he says. "But with all the industrial plans coming on line, that capacity will be reached." For its part, Dubai is unconcerned by the potential new competition, and the city is still the region's only trans-shipment hub with a true global presence. Even Saudi Arabia is circumspect about the prospects of a regional rivalry with Dubai. The expansion of Jeddah Islamic Port, while significant, will still lag behind Jebel Ali and Taweelah in terms of container capacity.

"Dubai and Saudi Arabia serve different purposes in different areas and different countries," says Saher Talawi, general manager of Jeddah Islamic Port. "They do not take business from us and we do not take business from them. Everyone is benefiting from the oil boom. "The growth of the container business has been rapid. There are more than 300 million containers on the seas today, and all across the region capacity and investment are increasing. Economies are strong and this is an excellent time for the business."





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cover a wide spectrum of industry with specialisation in oil, gas, petrochemical, energy, and associated industries. The refinery in Saudi Arabia, the power plant in India, the oil-field supply in Mauritania and Indonesia, they all have one thing in common: solutions by Schenker Global Projects.



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