

# Dynamics of Intermodal Shipping in the UAE Amidst Geopolitical Flux & Future Prospects

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# Intermodal Transport & Dry Bulk Shipping

## Quick Overview

Air and sea are the only modes with the potential to move freight containers between continents and across bodies of water.

80% of all goods are carried by the sea with containers accounting for 60% of all maritime traffic.

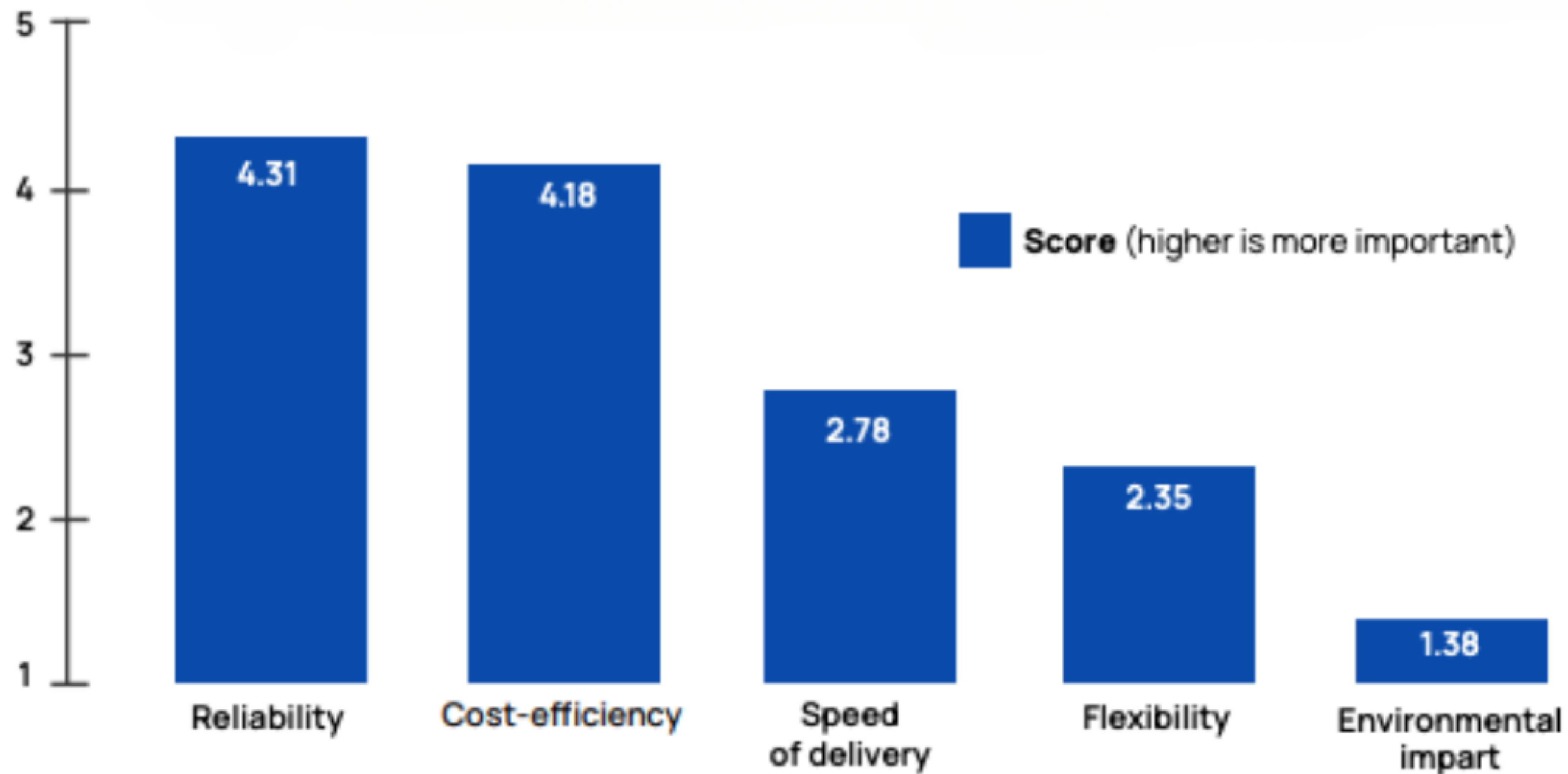
- Intermodal shipping and dry bulk shipping are distinct concepts.
- Each referring to different aspects of the shipping industry.
- Both have their own different challenges.





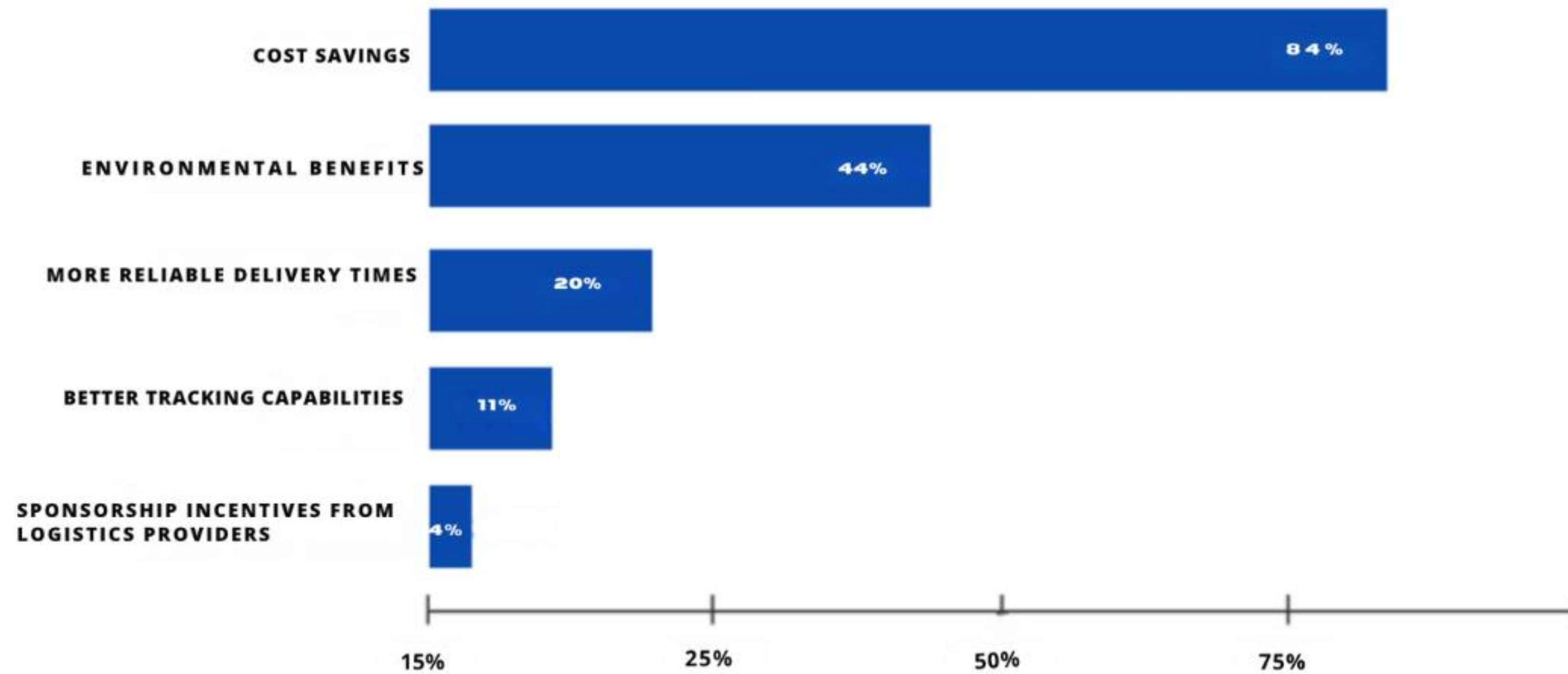
# What Matters Most: Key Decision Factors

## Ranking of Importance in Shipping Method



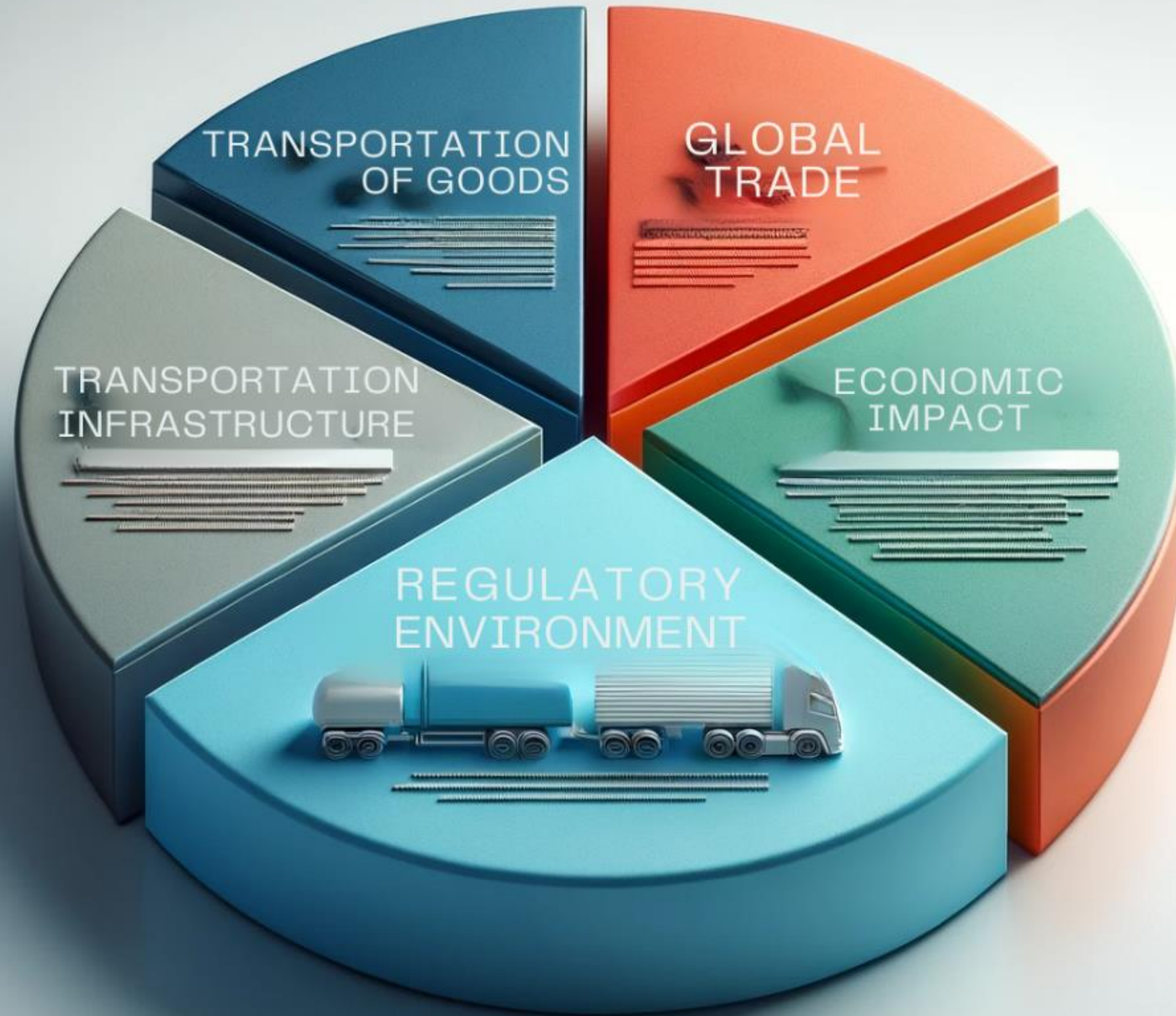
# What Matters Most: Key Decision Factors

## Primary Reasons Selected in Intermodal Shipping





# Intermodal & Dry Bulk common grounds



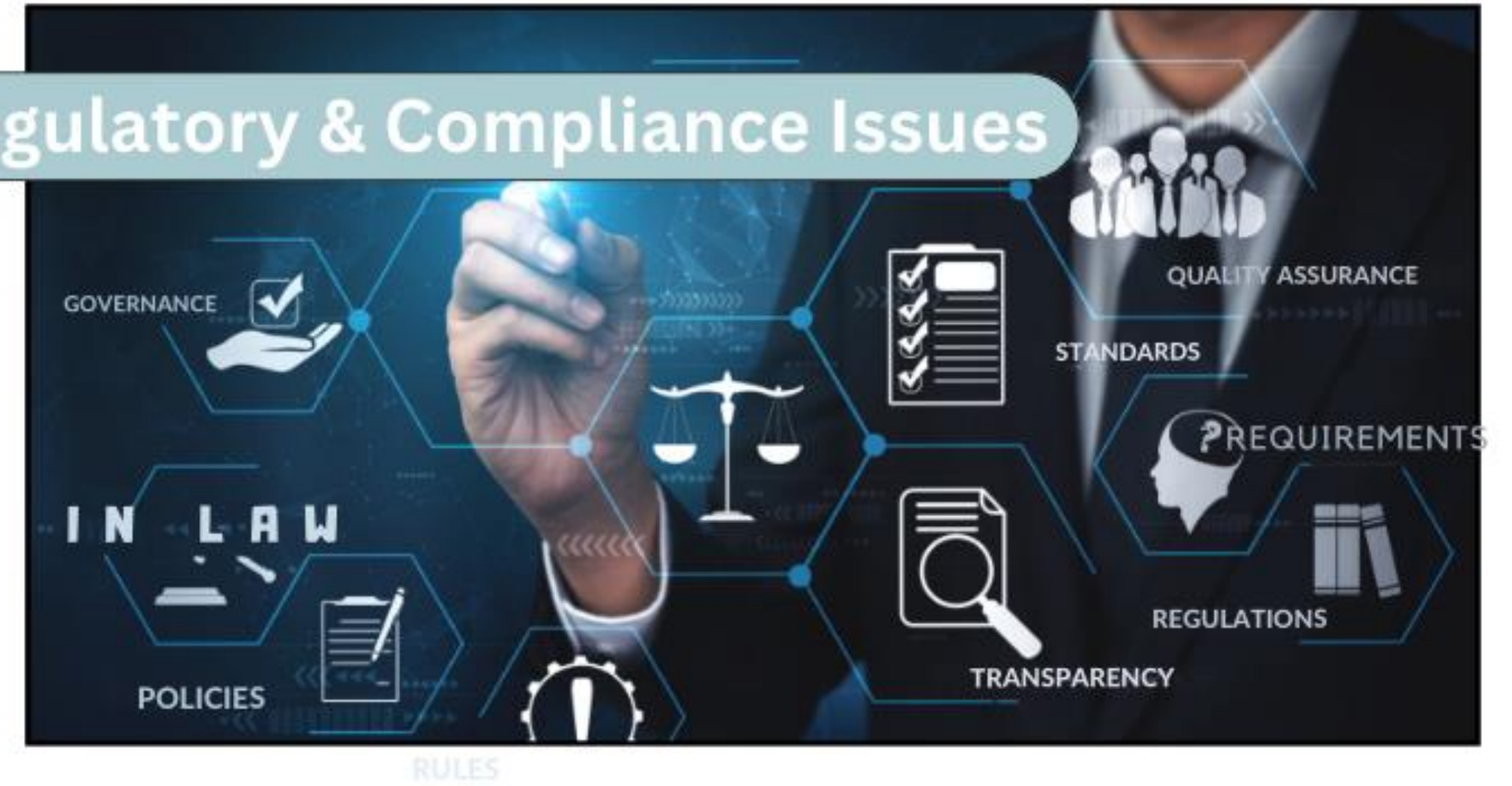


# CHALLENGES OF INTERMODAL SHIPPING

## Infrastructure Issues



## Regulatory & Compliance Issues



## Compatibility Issues



## Security Concerns





# CHALLENGES OF INTERMODAL SHIPPING



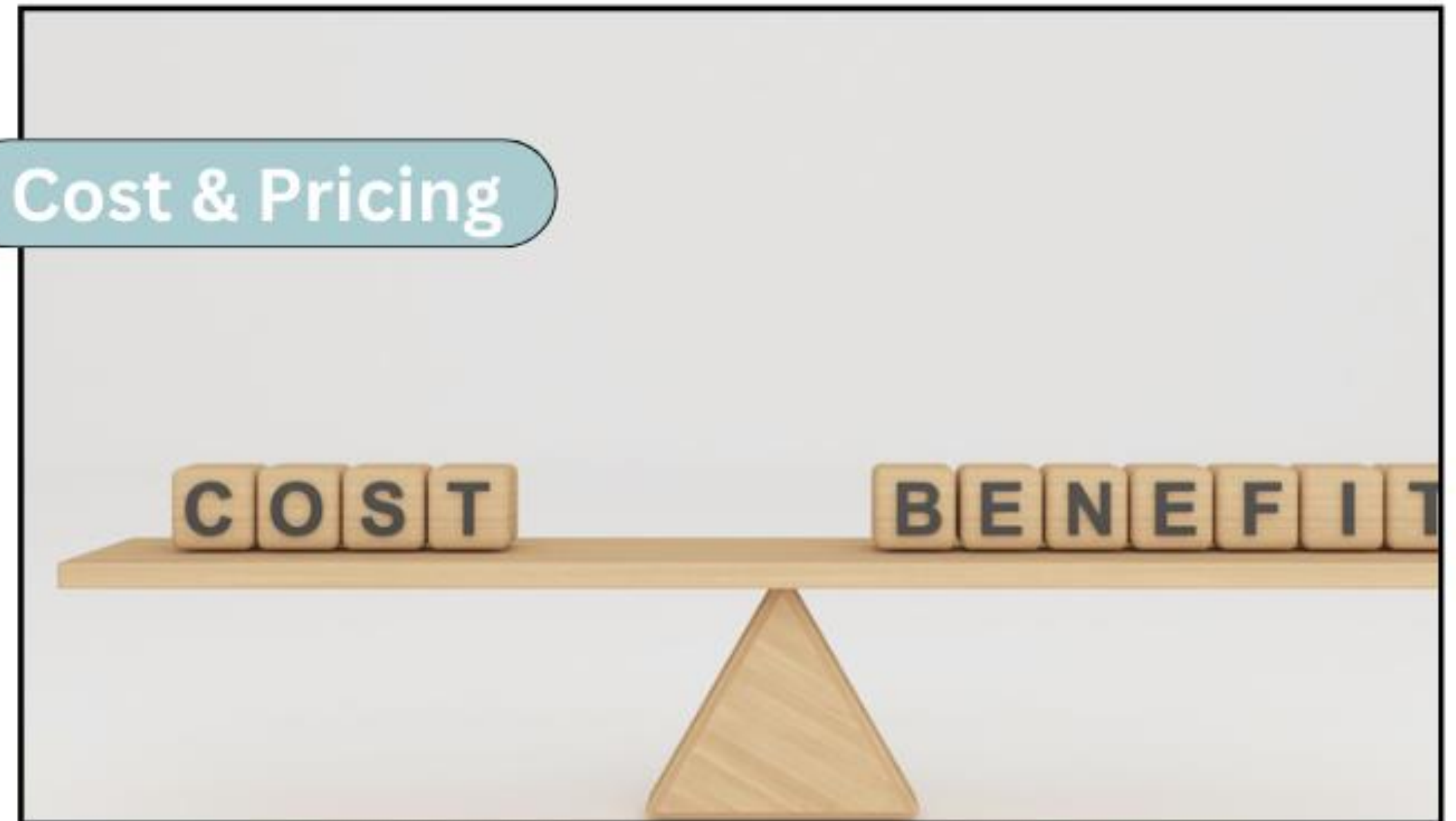
Environmental & Sustainability



Container Management



Communication & Information Sharing



Cost & Pricing





# Intermodal Shipping at the Intersection of Geopolitical Dynamics

## Advantages of the Zone

The United Arab Emirates holds several advantages in the realm of intermodal shipping, making it a strategic hub for logistics and transportation.



STRATEGICALLY POSITIONED AT THE CROSSROADS OF MAJOR GLOBAL TRADE ROUTES, CONNECTING ASIA, EUROPE, AND AFRICA

OFFERS A BUSINESS-FRIENDLY ENVIRONMENT WITH MINIMAL BUREAUCRACY, MAKING IT ATTRACTIVE FOR INTERNATIONAL COMPANIES LOOKING TO ESTABLISH A PRESENCE IN THE REGION.

IT HAS INVESTED SIGNIFICANTLY IN DEVELOPING WORLD-CLASS INFRASTRUCTURE, INCLUDING STATE-OF-THE-ART PORTS, AIRPORTS, ROADS, AND RAIL NETWORKS

IT IS HOME TO MAJOR PORTS, SUCH AS JEBEL ALI IN DUBAI AND KHALIFA PORT IN ABU DHABI.

THE UAE IS AT THE FOREFRONT OF ADOPTING CUTTING-EDGE TECHNOLOGIES IN LOGISTICS SUCH AS THE USE OF SMART TECHNOLOGIES IN PORTS, SUCH AS AUTOMATED CRANES AND ADVANCED TRACKING SYSTEMS

THE UAE HAS ESTABLISHED NUMEROUS FREE ZONES AND SPECIAL ECONOMIC ZONES, OFFERING FAVORABLE CONDITIONS FOR TRADE AND LOGISTICS OPERATIONS.

THE UAE HAS ACTIVELY PURSUED ECONOMIC DIVERSIFICATION, REDUCING ITS DEPENDENCE ON OIL AND GAS.







# AS A GLOBAL SHIPPING HUB

- STRATEGIC POSITION
- STRONG INFRASTRUCTURE
- MAJOR PORTS
- DIVERSIFIED ECONOMY
- DEVELOPED TECHNOLOGY

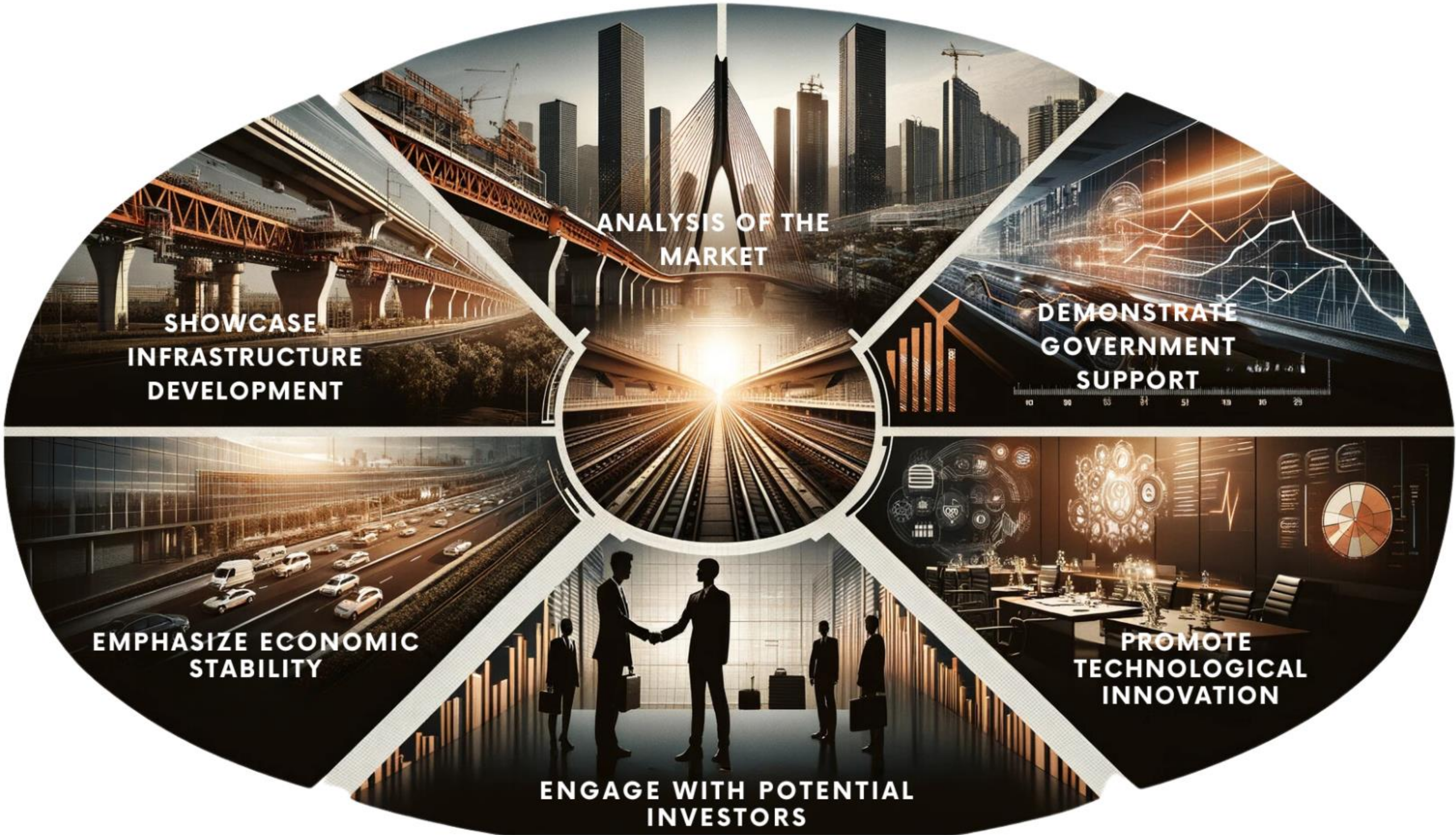




# Aligning Core Strengths with Key Drivers of Investment Attraction

I N V E S T M E N T





**SHOWCASE  
INFRASTRUCTURE  
DEVELOPMENT**

**ANALYSIS OF THE  
MARKET**

**DEMONSTRATE  
GOVERNMENT  
SUPPORT**

**EMPHASIZE ECONOMIC  
STABILITY**

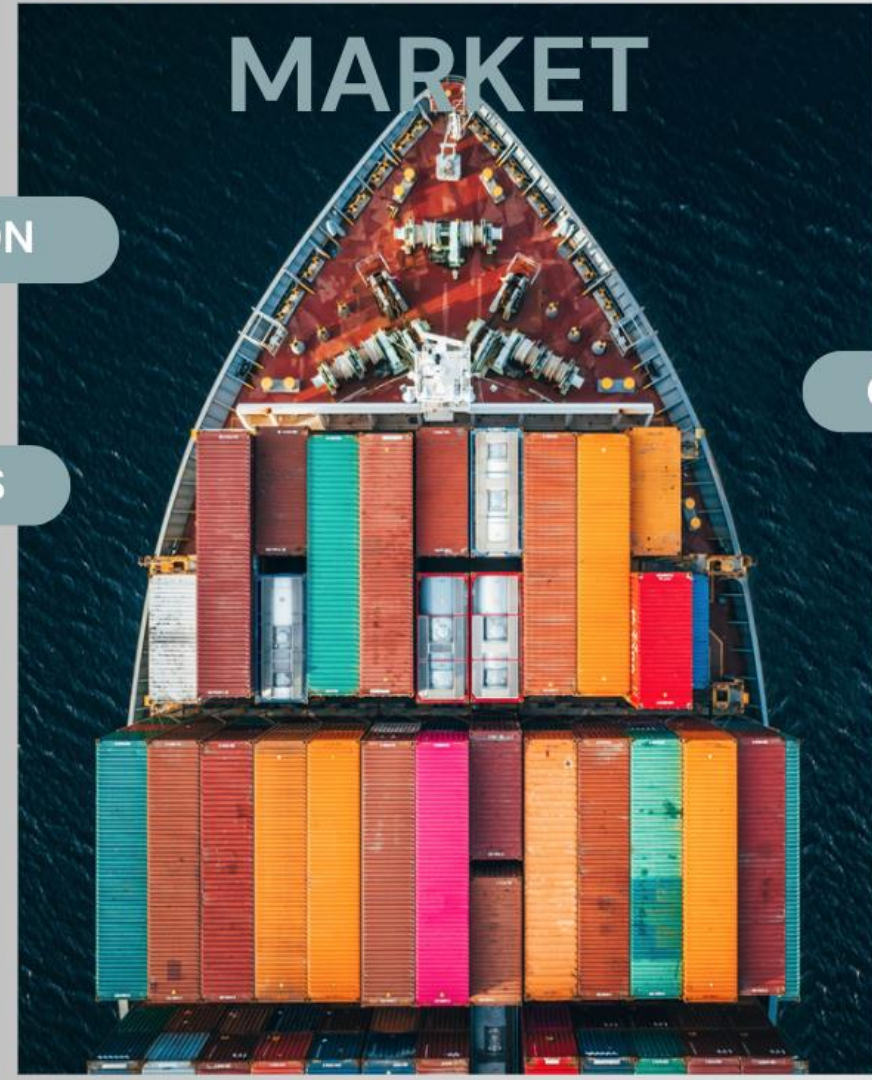
**PROMOTE  
TECHNOLOGICAL  
INNOVATION**

**ENGAGE WITH POTENTIAL  
INVESTORS**

**ATTRACTING INVESTMENT**



# ANALYSIS OF THE MARKET



POTENTIAL COMPETITION

FINANCIAL PROJECTIONS

CLEAR STRATEGY

# Gateway Between East and West



Proximity to major global routes

# Showcase Government Support for Development of Intermodal Shipping

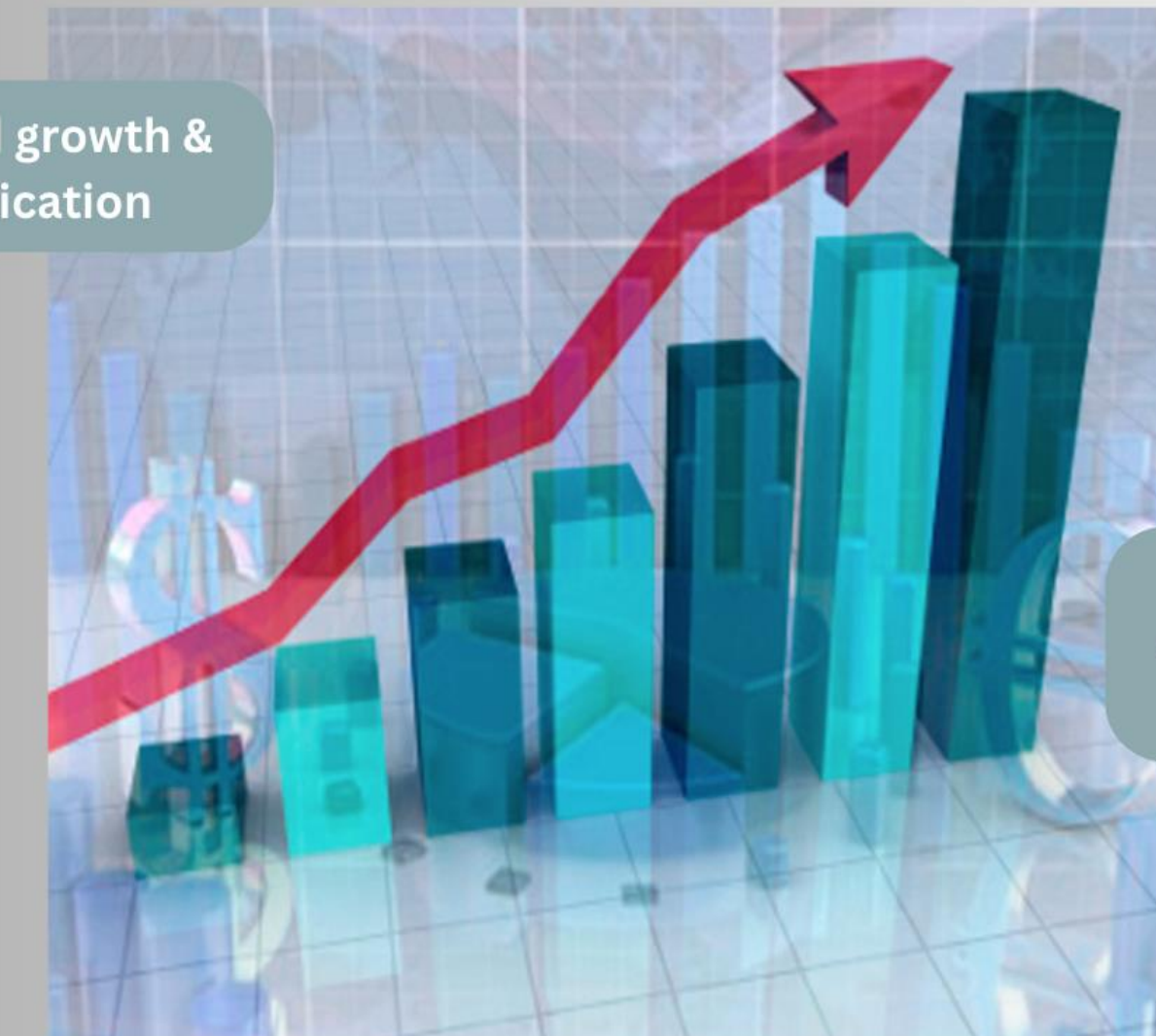


Incentives for investors

Simplified regulatory processes

Maintain a business-friendly atmosphere

# Highlighting its Strong & Stable Economy



Continued growth & diversification

Market offering stability & long-term growth



## Commitment to Technological Innovation

Digital logistic solutions



Automation and other technologies

## Engaging with Potential Investors

Industry events

Trade shows



Marketing efforts

## Offering Benefits

Tax breaks

Access to strategic land development



Other financial benefits

## Providing a Clear Regulatory Framework

Should be transparent & favorable for investment



Clear and predictive regulations can help build confidence among investors



# TODAY'S CHALLENGES

## NAVIGATING TOMORROW

How to Keep Intermodal Transport Thriving

Achieving Operational Resilience





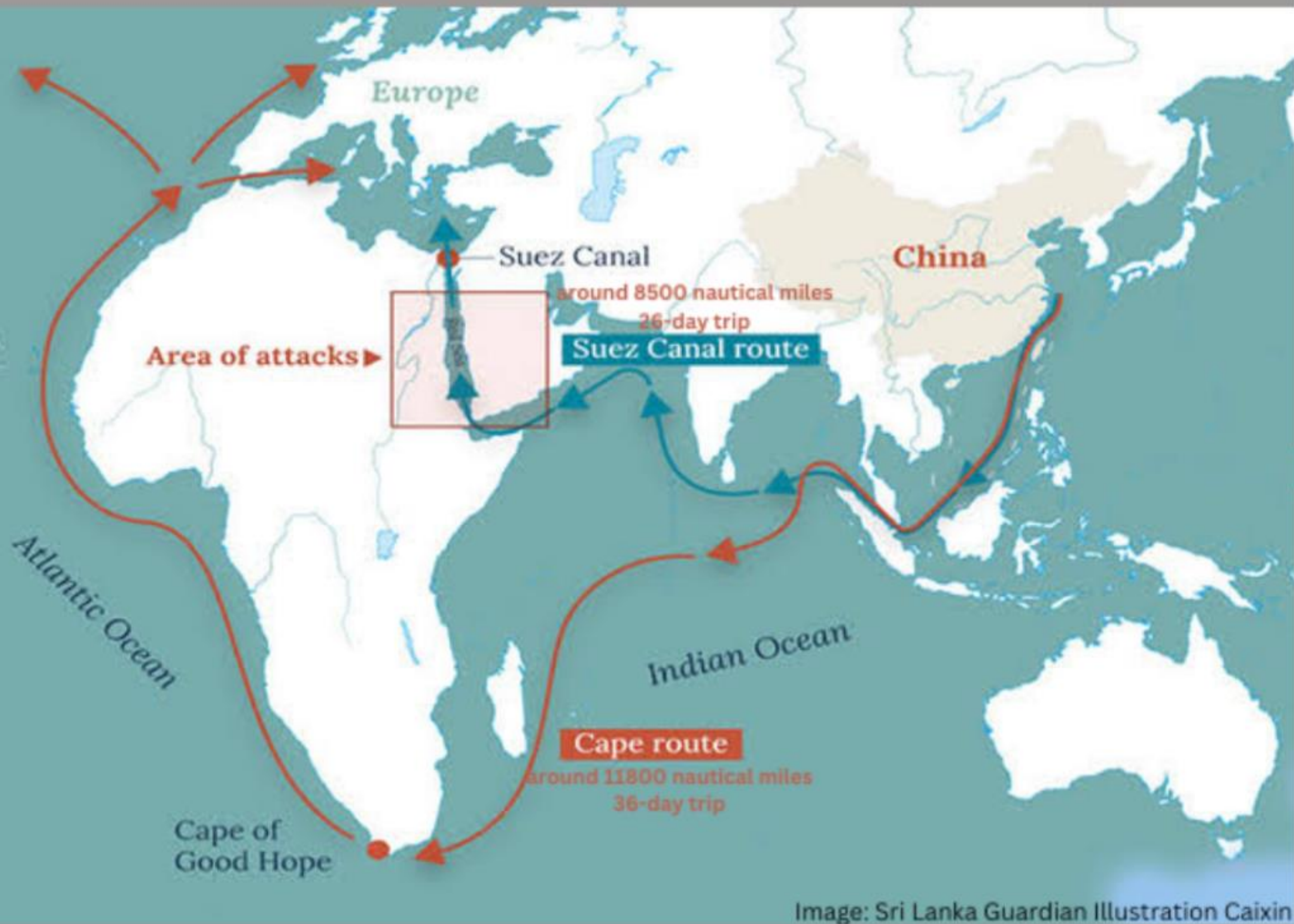
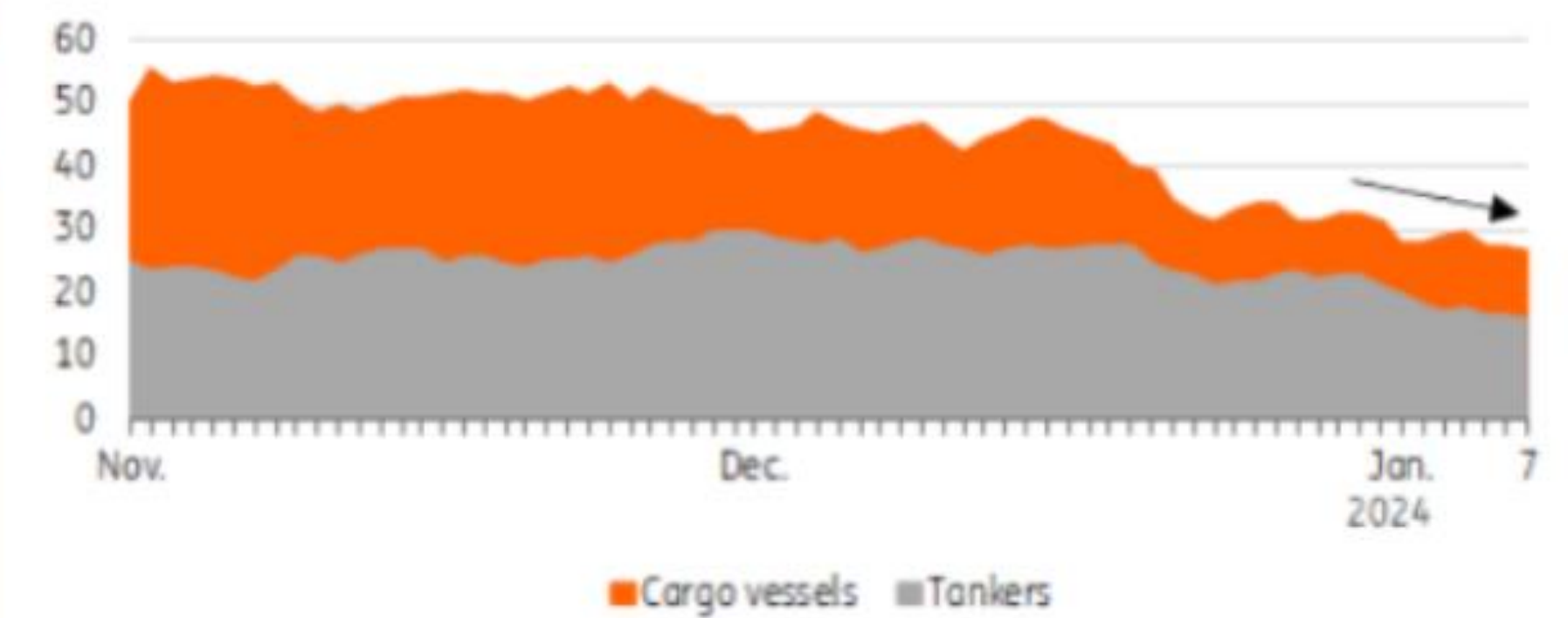


Image: Sri Lanka Guardian Illustration Caixin

### The number of Red Sea sailings has dropped the most for general cargo vessels (including especially container ships)

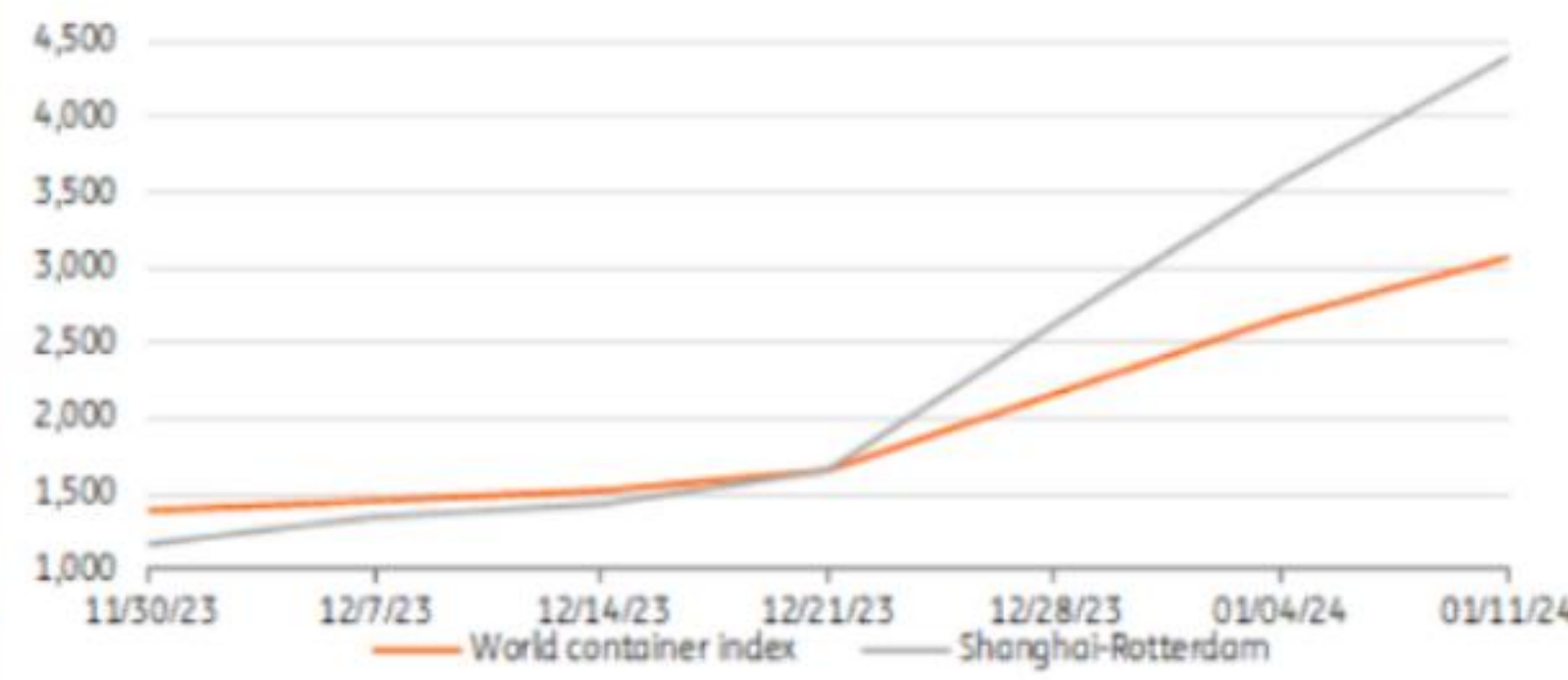
Daily number of vessels crossing Bal el Mandeb strait per type (rolling seven-day average)



IMF Port watch data, ING Research

### Container rates to Europe have risen rapidly since Red Sea troubles started

World container index (WCI), freight rates in \$ per FEU (40 ft container)



Drewry





# Operational Resilience in Challenging Times

- Diversification of Revenue Streams
- Strategic Partnerships and Alliances
- Scenario Planning
- Risk Management and Contingency Plans



# PREDICTIONS FOR 2024

01

## HIGH INSURANCE COSTS AND WAR RISK PREMIUMS

These increase are direct consequence of the heightened risk in the region. We're hearing that even some policies are being cancelled for war risk due to conflict.

02

## CLOSER INTERNATIONAL SECURITY COOPERATION

We've already seen formation of Naval Task Forces such as Prosperity Guardian and escalation of military presence in the region. This might continue with broader security alliances in near future.

03

## POTENTIAL DECLINE IN RATES

We saw the rebound in container rates due to route changes and overall effects of the attacks. Chinese New Year might also add extra difficulty to the disruptions. The effects might potentially drag on to the 2nd quarter. However in general we expect a decline and lower rates in 2024 due to overcapacity and weak demand.

04

## CONTAINER DEMAND/SUPPLY BALANCE

Studies show that demand/supply balance this year will be one of the worst among last decades.

05

## MARKET UNCERTAINTY

With varying predictions and strategies, companies need to be agile in their decision-making processes. Embracing data analytics and market intelligence will be crucial for making informed decisions.

06

## OPTIMISM IN THE SECOND HALF OF 2024

The potential for an increase in freight volume in the second part of the year offers an hope. Companies should prepare to capitalize on this opportunity while remaining cautious of the volatile market.

07

## DIGITALIZATION WILL BECOME VITAL

The companies that adapt digitalization and AI in the right way, will not only improve their business but also have better decision-making process, data-driven analytics, efficiency and profitability.



# Random Surveys Showing Expectations in 2024



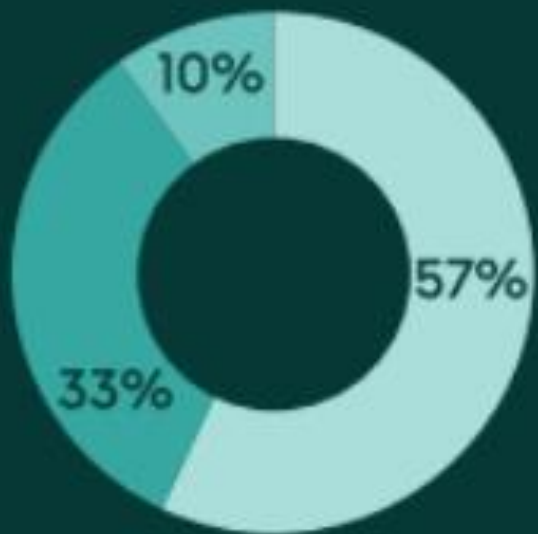
Container depots are struggling with the oversupply of containers. What do you think the situation will look like in 2024?

- Continued to be congested (63%)
- Start congested eases later (27%)
- No congestion (10%)



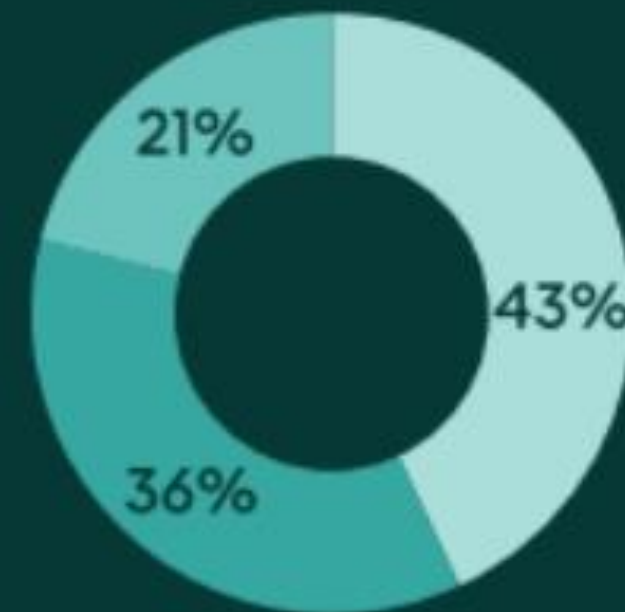
Do you think China plus one strategy will emerge in 2024?

- Yes (50%)
- No (28%)
- Uncertain (22%)



Will carriers struggle with post-pandemic demand recovery in 2024?

- Yes (57%)
- No (33%)
- Uncertain (10%)



Do you expect low profit freight rates to continue into 2024?

- Yes (43%)
- No (36%)
- Uncertain (21%)



*Thank you!*

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