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INTRODUCTION

Your Excellencies, distinguished members of the Arab League, Ladies and Gentlemen. We are pleased to be here to participate in The New Agenda. We applaud your vision to create economic progress and reform through the Arab Public-Private Partnership Initiative.

We welcome the opportunity to deploy our global logistics experience and strategy that combines commercial benefits with security compliance, providing the global economy with the efficient and secure worldwide logistics system it demands.

PLEASE ALLOW ME TO GIVE YOU A BRIEF OVERVIEW OF THE GLOBAL LOGISTICS INDUSTRY:

- Global Airline passenger bill in year 2000 / 400 billion/ 7 systems
- In the same year global freight bill / 3 trillion / no system
- Global Logistics represents the heart of the global economy However, this industry is fragmented and results in significant economic inefficiencies. On top of this fragmentation the new and emerging cargo security initiatives creating additional economic and logistic burdens.

WHAT ARE THE REGION’S CRITICAL ISSUES IN LOGISTICS?

1. Critical Issue # 1 Your landed Import & Export costs are too high.
   According to World Bank, the average landed import and export cost in the region represents about 12% of goods value. This compares to the world average of 6%. This 6% difference represents an annual loss of $13 billion to the region (STRESS) $13 billion!!

2. Critical Issue # 2 The region will be facing economic and logistics burdens in meeting the new International Cargo Security Standards
   A. Cargo security is a global concern, in the US alone there
   B. Are 5 initiatives, Canada has three and EU and the rest of the world will have their own. Meeting these International cargo security guidelines is not an option.

   It is mandatory in order to be a participant in the global economy.

   With out compliance...
   a. You maybe at risk with your trading partners
   b. Less attractive for foreign investment
What company would risk sourcing its products or establishing a plant in a country where there are risks of delays at border crossing?

As you know, companies strive to reduce their inventory level and inconsistent cargo delivery would create excess or a shortage of inventory and that is unacceptable.

WHAT ARE THE CONSEQUENCES OF THE ABOVE ISSUES?

High landed export & import costs and non-compliance with security initiatives results in:
1. Paying too much for the goods imported. What that means is more money leaves the country.
2. Goods from the region not being competitively priced on the world market.
3. Risking loss of market opportunity.

WHAT CAUSES THESE ISSUES?

1. Inefficiencies in the global logistics process is one reason. The process is fragmented. This is true even for sophisticated large companies or countries who have streamlined their logistics process, but only for those activities they can control. This is vertical improvement only. However, Logistics is a Horizontal process. “Please remember that efficiency & security is about a shelf-to-shelf process, and that shelf can be anywhere in the world. Tailored solution will not work in global logistics”.
2. Lack of visibility from the point of loading to the point of delivery is another reason. As a company, if you don’t know where your products are, you must increase your inventory safety stock. Then you contact the parties in the chain, etc.....all of which is a waste of money and non-value added cost.
3. A third reason is that the cost of complying with the International Cargo Security guidelines is prohibitive, especially to low volume exporters. You need to develop a new system for each country and these countries have many overlapping initiatives.
4. Lastly what about physical security of the container shipments? Who can afford electronic seals? Do they really work? These are all questions that have yet to be answered.

Now that the major issues have been identified:

WHAT CAN BE DONE TO IMPROVE THE EFFICIENCY OF THE LOGISTICS PROCESS?

First, let me give you a vivid example where a once fragmented system created a whole new process....namely the Airline Industry.

• The airlines used to process tickets on a manual basis. This was OK until planes became bigger and faster. The agents could not manually process tickets fast enough to fill the planes.
What did they do? They developed electronic booking systems that are now used by all the airlines. You would recognize systems such as Sabre and Amadeus.

As previously mentioned in the year 2000, the airline industry was around $400 billion and handled electronically by seven systems. (Today a manual ticket is a method of the past, unless you want to pay $50 for a piece of paper.)

Today, increased demands have been placed on the global freight industry

• Markets are global in nature
• Order to Delivery times have been compressed
• Efficient companies demand Just In Time product delivery
• Prices must be competitive
• And Now WE must operate in a Global environment of International Security Mandates. This situation will not go away!

How do you meet this challenge?

You need a Unified Global Logistics System that will allow:
• All participants in the process to Plug in
• Connects to any Technology via any Communication Medium
• Accommodates Proprietary Legacy Systems and EDI Standards
• Help Manage and Track Shipment Activities of all Participants from Door to Door (Point of loading to the point of Delivery)

So what is the future of logistics?

• In the shipping business today, there are three success stories – FedEx, UPS and DHL. They are easy to install, use, and provide tracking from door to door. Their formula of success is one system – one carrier. However, if you don’t like the service, you need to change carrier and system. There are also size and destination limitations.
• We believe that the formula for the future of Global logistics is one system - multiple carriers. This formula has no size or destination limitations. And if you don’t like the service, you just change the carrier, not the system.
• The final principle is that this system must provide economic benefits and security compliance to all participants in the flow of a shipment. (Efficiency by itself will compromise security, and security by itself will compromise the economy. Efficiency and Security must go Hand in Hand)
WE SEE A BRIGHT ROAD TO ECONOMIC REFORM IN THE REGION

From our prospective, an important element for economic growth and reform in the region revolves around logistics, a system that allows:

- Global security compliance
- Expedited free trade agreements
- More competitively priced goods on the global market
- Protect sovereign borders
- Attract Direct Foreign Investment, and
- Reduction of import and export landed costs that will result in an estimated $13 billion savings annually. Part of these savings can be reinvented in technology that can be the first step towarded Economic. Such as e-Customs, e-government, e-trade and e-banking systems etc..

I thank you for your attention and look forward to our active participation in the G50 partnership. We firmly believe the Arab Public-Private Partnership Initiative will be successful and significantly improve the economic prosperity in the region.