AGILITY EMERGING MARKETS LOGISTICS

index

2025

Agility

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Clear and unbiased insight for global investors: needed more than ever in today's complex environment

2024: A watershed moment in the development of political and economic structures

The GCC: A Beacon Of Resilience in The Middle East

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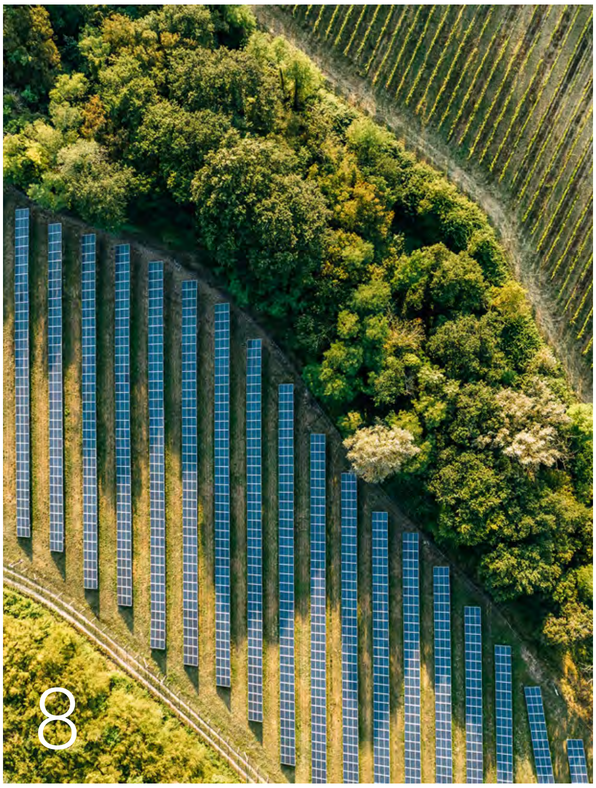
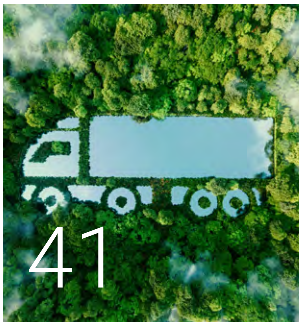
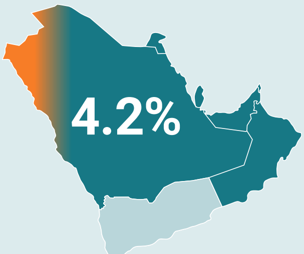


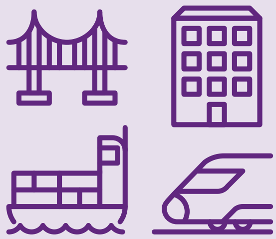


Key Findings

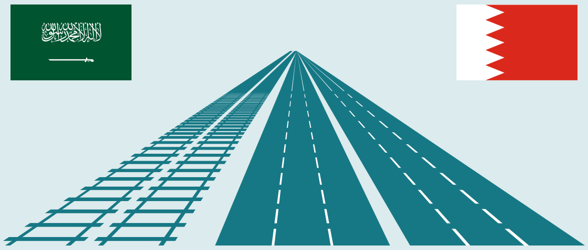
4.2% Despite weak growth in 2024, World Bank Economists are predicting that the GCC's economy will grow by 4.2% in 2025-26. This is the result of growth in non-oilsectors of 3.7%, spurred by the success of diversification strategies employed in the region.



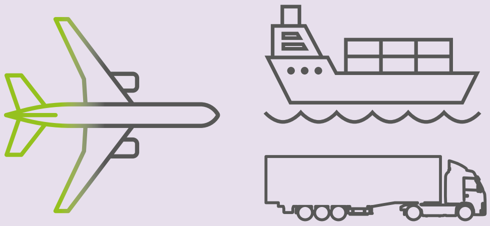
In terms of economic diversification, there's an urgent focus on tangible, immediate economic enablers in the Gulf Countries. Among those, infrastructure and workforce development are the focal points, while private sector growth in the shape of SME development and global integration are also a priority.



$50bn The Saudi Arabian government's National Center for Privatization and PPP has approved 200 projects worth more than $50bn, including airports, desalination plants and rapid passenger transport. Another 300 projects are under evaluation as the nation presses ahead with its well-publicised Vision 2030 diversification policy.



Plans are underway for a **new link between Bahrain and Saudia Arabia** in the shape of The King Hamad Causeway. The development will augment the at-capacity King Fahd Causeway, connecting the GCC railway network and facilitating better integration with ports.



17.2% Shippers have sought to mitigate the Red Sea Crisis by shifting modes of transport – of those, 17.2% have switched from sea to air, while an aggregate of 20% have gone multi-modal, opting for either a combination of air/sea or sea/land.

Saudia Arabia is investing heavily in domestic logistics and warehousing. The government plans to develop 59 logistics centres across the country, among the most significant is the $266m Logistics Park slated for Dammam. The site is located near King Abdulaziz Port, enhancing access to transportation and sea freight facilities.

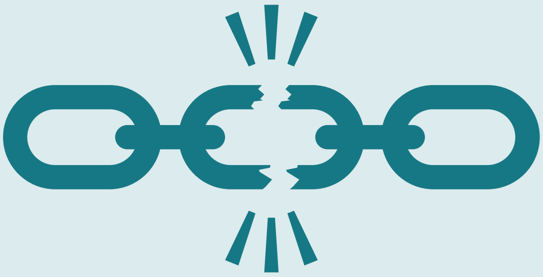
59 logistics centres

70%

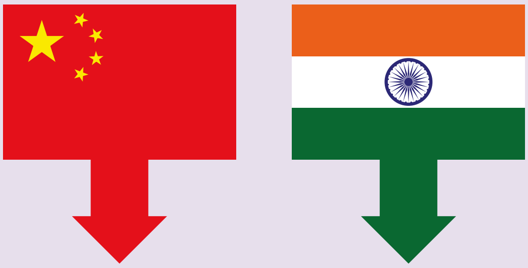
Renewable energy use in the UAE grew by 70% in 2023, accounting for around 28% of the country's energy mix. Its total investment clean energy projects amounts to $12bn, and goes some way to helping the government meet an energy mix target of 32% by 2030.

Qatar's diversification to clean energy will depend largely on solar, which is planned to make up 30% of its energy mix by 2030. The Government is also focused on green hydrogen, methanol and ammonia generation, with a $1bn 'blue' ammonia plant planned for Mesaieed Industrial City.

54% of survey respondents overall expect a recession in 2025, up on the previous year. This reflects an industry that has battled uncertainties, geopolitical tensions, and upheaval in major economies.

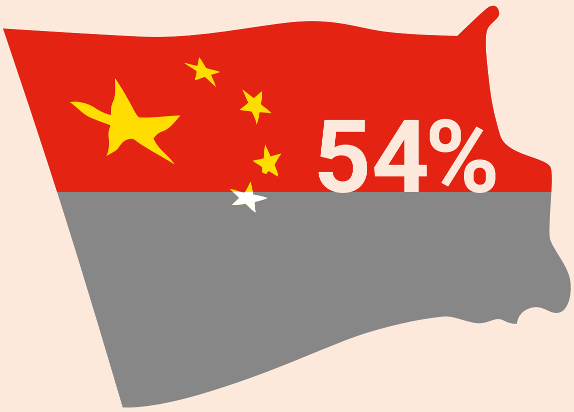


Economic factors remain a threat to growth for the industry, with more than a third of respondents expected to feel the pinch in 2025. There are also lingering concerns over supply chain disruptions from geopolitics and environmental issues, while cyber safety concerns highlight the industry's increasing reliance on technology.



The global supply chain is recalibrating. Based on total inflows and outflows of investment, North America, Sub Saharan Africa and South East Asia will all benefit from supply chain diversification in 2025. India and China, meanwhile, are the biggest losers, with the former suffering a large net outflow owing to a variety of factors.

The industry's decoupling with China is set to continue throughout 2025 and to the end of the decade. A huge 54% said that they intend to move a part of their production and/or sourcing out of China by 2030. That's risen from 37.4% in 2023, and is a very clear indication that logistics professionals are trying to balance risk and reward in an era of volatility.



Introduction from Tarek Sultan, Vice Chairman, Agility

This year's Agility Emerging Markets Logistics Index, our 16th, offers the same 50-country ranking and hot-topic survey of supply chain and logistics executives as past editions. However, it differs in one regard: the 2025 Index analysis by our partner, Transport Intelligence, focuses extensively on the change underway in the six Gulf nations of Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Bahrain and Oman.

A combination of factors sets the GCC countries apart from others in the Index. Their heavy reliance on fossil fuels means they face a greater potential threat from the clean-energy transition. Because of their location, they already experience some of the most severe effects of climate change and a warming planet. At the same time, they must be acutely sensitive to the need to balance transformation and modernization with respect for cultural traditions and more.

What else sets Gulf nations apart? They have more resources than most other emerging markets countries -- and more daring, ambitious visions of their future. These six see themselves leading the energy transition, pioneering development of AI and next-generation technologies, and emerging as the crossroads of global trade. Individually and as a group, they are undergoing some of the most rapid and sweeping economic and societal changes ever witnessed.

In the Index, Gulf nations have outperformed most others over the past few years because they have invested more in logistics infrastructure and digital readiness, and adopted some of the world's most business-friendly regulatory, tax and legal changes.

Despite months of conflict that has grown out of the 2023 Gaza crisis and spread, at times, to their waters and air space, Gulf countries are "a beacon of stability," the Index says.

Panning outward from the Gulf is a backdrop of mixed signals and uncertainty for emerging markets and the global economy.

To the surprise of experts, 2024 looks to have been a banner year for global trade in goods and services. Overall trade grew 3.3% in 2024, surging to a record $33 trillion mainly as the result of a 7% increase in services trade, according to UNCTAD.

That upbeat headline, however, obscures troubling developments that are clouding the near-term trade picture and threatening the prospects of many of the world's emerging economies. Entering the new year, leaders in developing countries have lots to worry about, particularly:

- The threat of sharply higher tariffs. The new U.S. administration is coming into office promising to levy 60% tariffs on Chinese goods and increased levies on merchandise from Mexico, the EU and other trading partners. Other countries are vowing retaliatory tariffs and protectionist measures of their own.
- A flood of inexpensive Chinese goods in markets around the world. Developing countries have implemented nearly 250 defensive measures on Chinese imports over the past three years – 120 by Brazil alone.
- High debt, capital costs and, as a result of the Red Sea crisis, soaring shipping rates.
- Pressure to harness the power of AI and other technologies, or risk being left behind.
- The need to balance growth and climate imperatives. Leaders are struggling to spur their economies, create jobs and expand opportunity while also lowering emissions and shifting to low-carbon energy sources.

The IMF says the larger emerging markets – China, India, Brazil, Russia, Mexico, Turkey, Indonesia, Saudi Arabia, Argentina and South Africa – have increasing sway over the global economy as they grow their share of world economic output.

Indeed, some emerging economies are thriving amid geopolitical uncertainty. Foreign investors, hedging against fallout from growing U.S.-China tension and other supply chain risk, have invested in new production locations. Vietnam, Indonesia, Malaysia, Mexico and some central European nations have become "connector" countries, drawing increased foreign investment and expanding their manufacturing capacity.

For shippers and their customers, the Index concludes, "resilience is being prioritized over efficiency. Growing numbers are changing their supply chain models through nearshoring, regionalization and diversification into alternative regions. Emerging markets like Southeast Asia, India and Africa stand to benefit in that respect, although barriers to regional entry will have to be surpassed if growth opportunities there are to be realized. On the whole, there is an acceleration of regionalization."

Introduction from John Manners-Bell, CEO, Transport Intelligence

Although it is always easy to overemphasise the importance of recent events, 2024 may in future years be seen as a watershed moment in the development of political and economic structures. Elections occurring right across the world resulted in many incumbent administrations being swept away, or at least fundamentally weakened, as electorates vented their discontent. Whilst the reasons behind an upsurge in support for populist politicians were many and varied, a reaction against so-called 'globalist' agendas was a significant factor.

The changes have major implications for global supply chains and emerging markets. Protectionist trade policies, once regarded as anachronistic hangover from the post-war period, are now regarded by many politicians as a legitimate first response whenever unfair international competition is suspected. In the USA, President Trump's election has placed tariffs squarely back on the agenda, although in reality the previous administration was equally keen on their imposition. The trend for US importers and manufacturers to diversify their sourcing away from China to avoid tariffs looks set to continue, boosting the economies of other low labour cost markets in south east Asia. Cross-border trade with Mexico is also likely to grow, although the new US government will be keen to ensure that the market is not used as a 'back-door' to the USA for Chinese exporters.

Europe's changing political landscape will also influence the outlook for emerging markets. There is a considerable risk that policies which promote 'strategic autonomy' in the region through increased protectionism, 'precautionism' (that is, the imposition of trade measures to protect the environment, public health or societies) and domestic industry support, will lead to the exclusion of many emerging market businesses. The EU's Carbon Border Adjustment Mechanism (CBAM), which will increase the cost of some carbon intensive imports, and the proliferation of phyto-sanitary controls on fresh fruit and vegetables and cut flowers, are just a few examples of European trade restrictions which will impact on imports from the developing world.

However, it is certainly not all bad news. As showcased in this year's Agility Emerging Market Logistics Index, the Gulf Cooperation Council (GCC) countries have demonstrated resilience in the face of geopolitical uncertainty, economic downturn and regional conflict. Despite disruption such as the attacks on shipping in the Red Sea, the region has forged ahead with its ambitious development plans. At their heart is the diversification of their hydrocarbon-dependent economies to renewables, tourism and, of course, transport and logistics. In every country across the Gulf, massive energy infrastructure projects are underway – whether in solar, hydrogen or wind. New roads, railways, ports and airports are being built alongside housing, hotels, resorts, schools, sewers, water treatment and desalination plants. At the same time, economic, regulatory and social reform is underway, leading to a new generation of entrepreneurs and a greater role for women in business and society. A cessation to conflict in Gaza and Lebanon and a new regime in Syria will add a welcome tailwind to economic growth in the region with GCC companies set to benefit from the essential reconstruction which will be required.

In a world which has become characterised by volatility and uncertainty, forecasting the future has never been more difficult. Unpredictable decisions made by populist politicians in Europe and the USA and the rise of autocratic leaders such as China's Xi Jinping, Russia's Vladimir Putin and Turkey's Recep Tayyip Erdoğan will continually challenge the efficient operation of global supply chains. Since its inception, the Agility Emerging Market Logistics Index has provided clear and unbiased insight for global investors, a resource which is needed more than ever in today's complex environment.

Key Measures

To assess and understand these trends and their effects on 50 of the world's most promising emerging logistics markets, the Agility Emerging Markets Logistics Index 2024 examines four key areas for logistics market development:

- Domestic Logistics Opportunities
- International Logistics Opportunities
- Business Fundamentals
- Digital Readiness

It presents a data-driven analysis of 50 of the world's most promising emerging logistics markets, reflecting the complexity, connectedness and opportunities each market provides.

As data visibility increases, the Ti Data Team is able to improve the accuracy of the models for each Index which, along with unprecedented volatility in the industry, instability in the global economy and effect of digital acceleration post Covid-19 has led to more movement in some areas of the Index than we are used to seeing.

Domestic Logistics Opportunities – measures the performance of each emerging market and its potential to sustain and develop domestic demand that requires competitive logistics markets:

- Domestic logistics markets – size & growth
- Economy – size & growth
- Population – size & growth
- Income equality
- Urbanisation
- Development of business clusters

International Logistics Opportunities – measures internal and external demand for trade intensive logistics services and the capacity of individual emerging markets to facilitate cross-border logistics operations:

- International logistics markets – size & growth
- Logistics intensive trade – size & growth
- Infrastructure quality and connectedness
- Border procedures – time & cost

Business Fundamentals – measures the openness, robustness, fairness and strength of each emerging market's business environment, rule of law and market independence:

- Regulatory environment
- Credit rating
- Contract enforcement & anti-corruption frameworks
- Inflation & price stability
- Cost of crime & violence
- Market accessibility & domestic stability

Digital Readiness – measures the potential and progress of an emerging market in becoming a digitally-led, skills rich, innovation-oriented and sustainable economy for the future:

- Emissions intensity
- Renewable energy mix
- Digital business models & online commerce
- Entrepreneurial risk
- Digital skills & human capital
- Availability of enterprise financing

Each year, the Agility Emerging Markets Logistics Index utilises a unique set of variables that measure current, short-and medium-term performance across structural and cyclical factors in each country's logistics markets and key vertical sectors. As a result, the Index provides a snapshot of each country's current performance and future potential as a globally significant logistics market and investment destination. To determine the ranking of the 50 leading global emerging logistics markets, current and forecast data from world-leading institutions including Transport Intelligence (Ti), the World Bank, the International Monetary Fund (IMF), the World Economic Forum (WEF) and others are used.

By combining current and forecast data, this 2024 edition of the Index continues to assess each market's ability to survive or thrive in a period of unprecedented volatility.

With the addition of the Digital Readiness ranking introduced in 2022, and the subsequent enhancements of this model through more data visibility, the Agility Emerging Markets Logistics Index 2025 also provides a unique perspective on the suitability and preparedness of each emerging market to participate in the still challenging global economy. It is within this sub-Index that we have seen the most change, often due to the significant adoption of e-commerce resulting from the Covid-19 pandemic.

In addition, by ranking each emerging market against the 49 others, the Index highlights strong performers and demonstrates where markets have developed enduring advantages. It also reveals those markets which have seen performance and potential erode.

The Agility Emerging Markets Logistics Index – Overall Ranking

Rank	Rank Change	Country	Overall Score	Last Year's Score	Domestic Opportunities	International Opportunities	Business Fundamentals	Digital Readiness
1	0	**China**	8.58	8.61	8.58	9.65	6.37	8.47
2	0	**India**	6.94	7.21	7.59	7.49	6.03	5.76
3	0	**UAE**	6.31	6.49	5.53	5.90	8.53	6.55
4	2	**Saudi Arabia**	6.08	6.05	5.61	6.07	7.45	5.82
5	-1	**Malaysia**	6.04	6.17	5.26	5.78	7.72	6.41
6	-1	**Indonesia**	5.94	6.16	6.16	6.12	5.85	5.41
7	2	**Mexico**	5.77	5.60	5.49	6.45	5.61	5.25
8	-1	**Qatar**	5.64	5.85	5.36	4.92	6.97	6.25
9	1	**Thailand**	5.61	5.59	5.05	5.86	5.94	5.82
10	-2	**Vietnam**	5.52	5.73	5.09	5.81	6.01	5.37
11	1	**Chile**	5.41	5.39	4.88	5.07	6.88	5.68
12	-1	**Turkey**	5.38	5.45	5.31	5.41	5.10	5.66
13	1	**Brazil**	5.33	5.29	5.51	5.78	4.18	5.19
14	1	**Oman**	5.30	5.27	5.06	4.72	6.72	5.54
15		**Russia**	5.27	5.34	5.09	5.61	4.70	5.43
16	0	**Bahrain**	5.27	5.22	4.99	4.49	6.91	5.72
17	0	**Jordan**	5.18	5.19	4.78	4.62	7.15	5.23
18	3	**Kuwait**	5.08	5.03	5.07	4.52	6.03	5.29
19	0	**Uruguay**	5.07	5.04	4.81	4.47	6.69	5.22
20	4	**South Africa**	4.98	4.97	4.83	4.99	5.15	5.05
21	6	**Colombia**	4.97	4.85	4.85	4.97	5.50	4.76
22	3	**Kenya**	4.92	4.91	4.55	4.75	5.34	5.44
23	-5	**Philippines**	4.91	5.06	4.97	4.95	4.53	5.05
24	-4	**Egypt**	4.88	5.04	4.91	4.92	5.10	4.63
25	-2	**Kazakhstan**	4.87	4.99	4.55	4.40	5.97	5.32
26	-4	**Morocco**	4.84	4.99	4.59	4.76	5.86	4.61
27	-1	**Sri Lanka**	4.77	4.88	4.86	4.69	4.19	5.22
28	0	**Peru**	4.77	4.83	4.75	4.79	5.05	4.57
29	1	**Argentina**	4.66	4.68	4.90	4.81	3.58	4.83
30	2	**Cambodia**	4.65	4.65	4.41	4.56	5.07	4.82
31	0	**Ghana**	4.64	4.65	4.66	4.70	4.67	4.50
32	8	**Iran**	4.63	4.48	4.92	4.59	3.72	4.93
33	-4	**Pakistan**	4.59	4.82	4.86	4.68	4.04	4.44
34	1	**Ecuador**	4.56	4.56	4.57	4.58	4.46	4.58
35	4	**Paraguay**	4.55	4.49	4.54	4.40	4.26	5.02
36	1	**Tunisia**	4.53	4.50	4.49	4.59	5.18	4.01
37	4	**Tanzania**	4.52	4.43	4.67	4.24	4.70	4.59
38	4	**Algeria**	4.49	4.39	4.74	4.61	4.39	4.00
39	-6	**Bangladesh**	4.45	4.61	4.85	4.38	3.60	4.55
40	-6	**Ukraine**	4.44	4.60	4.29	4.43	4.60	4.59
41	2	**Uganda**	4.39	4.32	4.54	4.40	3.94	4.48
42	-4	**Lebanon**	4.37	4.50	4.78	4.26	3.72	4.39
43	-7	**Nigeria**	4.35	4.52	4.82	4.53	3.46	3.98
44	0	**Bolivia**	4.29	4.29	4.64	4.35	3.25	4.42
45	0	**Ethiopia**	4.26	4.10	4.43	4.65	2.77	4.44
46	4	**Libya**	4.23	3.54	4.66	4.33	3.53	3.94
47	0	**Angola**	4.00	3.77	4.56	4.39	2.39	3.72
48	-2	**Mozambique**	3.99	3.89	4.39	4.29	2.44	4.04
49	0	**Myanmar**	3.96	3.67	4.21	4.26	3.62	3.35
50	-2	**Venezuela**	3.69	3.71	4.97	4.02	0.34	3.67

Domestic Opportunities

Rank	Country	Score	Change
1	**China**	8.58	0
2	**India**	7.59	0
3	**Indonesia**	6.16	0
4	**Saudi Arabia**	5.61	+3
5	**United Arab Emirates**	5.53	0
6	**Brazil**	5.51	0
7	**Mexico**	5.49	+1
8	**Qatar**	5.36	-4
9	**Turkey**	5.31	+2
10	**Malaysia**	5.26	0
11	**Vietnam**	5.09	-2
12	**Russia**	5.09	
13	**Kuwait**	5.07	+8
14	**Oman**	5.06	+5
15	**Thailand**	5.05	-1
16	**Bahrain**	4.99	+4
17	**Philippines**	4.97	0
18	**Venezuela**	4.97	+20
19	**Iran**	4.92	+6
20	**Egypt**	4.91	-7
21	**Argentina**	4.90	+3
22	**Chile**	4.88	+4
23	**Pakistan**	4.86	-11
24	**Sri Lanka**	4.86	+7
25	**Bangladesh**	4.85	-9
26	**Colombia**	4.85	+3
27	**South Africa**	4.83	+6
28	**Nigeria**	4.82	-13
29	**Uruguay**	4.81	-6
30	**Lebanon**	4.78	+5
31	**Jordan**	4.78	-9
32	**Peru**	4.75	-2
33	**Algeria**	4.74	-6
34	**Tanzania**	4.67	-6
35	**Libya**	4.66	+4
36	**Ghana**	4.66	0
37	**Bolivia**	4.64	+3
38	**Morocco**	4.59	+3
39	**Ecuador**	4.57	+6
40	**Angola**	4.56	+8
41	**Kazakhstan**	4.55	-9
42	**Kenya**	4.55	-8
43	**Paraguay**	4.54	+3
44	**Uganda**	4.54	-2
45	**Tunisia**	4.49	-1
46	**Ethiopia**	4.43	-9
47	**Cambodia**	4.41	-4
48	**Mozambique**	4.39	+2
49	**Ukraine**	4.29	0
50	**Myanmar**	4.21	-3

International Opportunities

Rank	Country	Score	Change
1	**China**	9.65	0
2	**India**	7.49	0
3	**Mexico**	6.45	+2
4	**Indonesia**	6.12	0
5	**Saudi Arabia**	6.07	+1
6	**United Arab Emirates**	5.90	+1
7	**Thailand**	5.86	+2
8	**Vietnam**	5.81	-5
9	**Malaysia**	5.78	-1
10	**Brazil**	5.78	0
11	**Russia**	5.61	
12	**Turkey**	5.41	0
13	**Chile**	5.07	+1
14	**South Africa**	4.99	+1
15	**Colombia**	4.97	+2
16	**Philippines**	4.95	-3
17	**Qatar**	4.92	+3
18	**Egypt**	4.92	+5
19	**Argentina**	4.81	+3
20	**Peru**	4.79	-4
21	**Morocco**	4.76	-3
22	**Kenya**	4.75	+9
23	**Oman**	4.72	-4
24	**Ghana**	4.70	+11
25	**Sri Lanka**	4.69	-4
26	**Pakistan**	4.68	+1
27	**Ethiopia**	4.65	+19
28	**Jordan**	4.62	0
29	**Algeria**	4.61	+14
30	**Iran**	4.59	+15
31	**Tunisia**	4.59	+6
32	**Ecuador**	4.58	-6
33	**Cambodia**	4.56	-3
34	**Nigeria**	4.53	+8
35	**Kuwait**	4.52	-10
36	**Bahrain**	4.49	-12
37	**Uruguay**	4.47	-3
38	**Ukraine**	4.43	-6
39	**Uganda**	4.40	+9
40	**Paraguay**	4.40	0
41	**Kazakhstan**	4.40	-12
42	**Angola**	4.39	+5
43	**Bangladesh**	4.38	-7
44	**Bolivia**	4.35	-5
45	**Libya**	4.33	-1
46	**Mozambique**	4.29	-8
47	**Myanmar**	4.26	-6
48	**Lebanon**	4.26	-15
49	**Tanzania**	4.24	0
50	**Venezuela**	4.02	0

Business Fundmamentals

Rank	Country	Score	Change
1	United Arab Emirates	8.53	0
2	Malaysia	7.72	0
3	Saudi Arabia	7.45	0
4	Jordan	7.15	+1
5	Qatar	6.97	-1
6	Bahrain	6.91	+2
7	Chile	6.88	-1
8	Oman	6.72	+3
9	Uruguay	6.69	0
10	China	6.37	-3
11	Kuwait	6.03	+6
12	India	6.03	-2
13	Vietnam	6.01	+2
14	Kazakhstan	5.97	-1
15	Thailand	5.94	+4
16	Morocco	5.86	-4
17	Indonesia	5.85	-3
18	Mexico	5.61	+2
19	Colombia	5.50	+7
20	Kenya	5.34	+2
21	Tunisia	5.18	+4
22	South Africa	5.15	-1
23	Egypt	5.10	-7
24	Turkey	5.10	-6
25	Cambodia	5.07	+8
26	Peru	5.05	+2
27	Russia	4.70	
28	Tanzania	4.70	+1
29	Ghana	4.67	-5
30	Ukraine	4.60	-3
31	Philippines	4.53	+5
32	Ecuador	4.46	-1
33	Algeria	4.39	-1
34	Paraguay	4.26	0
35	Sri Lanka	4.19	-5
36	Brazil	4.18	+1
37	Pakistan	4.04	-2
38	Uganda	3.94	+2
39	Lebanon	3.72	0
40	Iran	3.72	+3
41	Myanmar	3.62	+7
42	Bangladesh	3.60	0
43	Argentina	3.58	-5
44	Libya	3.53	+5
45	Nigeria	3.46	-4
46	Bolivia	3.25	-2
47	Ethiopia	2.77	-2
48	Mozambique	2.44	-1
49	Angola	2.39	-3
50	Venezuela	0.34	0

Digital Readiness

Rank	Country	Score	Change
1	**China**	8.47	0
2	**United Arab Emirates**	6.55	0
3	**Malaysia**	6.41	0
4	**Qatar**	6.25	0
5	**Saudi Arabia**	5.82	+1
6	**Thailand**	5.82	+1
7	**India**	5.76	-2
8	**Bahrain**	5.72	+8
9	**Chile**	5.68	+5
10	**Turkey**	5.66	0
11	**Oman**	5.54	+2
12	**Kenya**	5.44	-3
13	**Russia**	5.43	
14	**Indonesia**	5.41	-6
15	**Vietnam**	5.37	+6
16	**Kazakhstan**	5.32	-1
17	**Kuwait**	5.29	0
18	**Mexico**	5.25	+6
19	**Jordan**	5.23	0
20	**Uruguay**	5.22	+2
21	**Sri Lanka**	5.22	-3
22	**Brazil**	5.19	-2
23	**Philippines**	5.05	-11
24	**South Africa**	5.05	+1
25	**Paraguay**	5.02	+4
26	**Iran**	4.93	+2
27	**Argentina**	4.83	+4
28	**Cambodia**	4.82	-5
29	**Colombia**	4.76	+5
30	**Egypt**	4.63	+7
31	**Morocco**	4.61	+1
32	**Ukraine**	4.59	-6
33	**Tanzania**	4.59	+8
34	**Ecuador**	4.58	+4
35	**Peru**	4.57	0
36	**Bangladesh**	4.55	-6
37	**Ghana**	4.50	-1
38	**Uganda**	4.48	+2
39	**Ethiopia**	4.44	+5
40	**Pakistan**	4.44	-13
41	**Bolivia**	4.42	+2
42	**Lebanon**	4.39	-9
43	**Mozambique**	4.04	+4
44	**Tunisia**	4.01	-2
45	**Algeria**	4.00	0
46	**Nigeria**	3.98	-7
47	**Libya**	3.94	+3
48	**Angola**	3.72	+1
49	**Venezuela**	3.67	-3
50	**Myanmar**	3.35	-2

Movers + Shakers

2024 was a year of contrasting fortunes across regions, with some countries capitalising on recovery and growth opportunities while others grappled with persistent challenges. Domestic opportunities continued to play a pivotal role in driving rankings, while advancements in trade, business fundamentals, and digital readiness shaped international competitiveness.

One noticeable development is the increased volatility of the Index this year. More countries than ever have changed their rankings as a result of the shifting global environment with some suffering geopolitical headwinds and others benefiting from the resulting changing trade patterns. Countries are at different stages in the digital transition, especially with regards to the adoption of AI, hinting at a more pronounced gap between digital haves and have-nots. At the same time, not least affected by the hangover from the Covid-19 pandemic, there is a large variance in debt levels and economic recovery rates. Overall, it is evident that multiple political, economic, social and technological drivers are increasing volatility and potentially accelerating the divide between Emerging Markets winners and losers.

Overall Index:

What happened to the biggest movers? The overall index saw notable shifts, driven by a combination of economic recovery, trade patterns, and infrastructure development. Iran demonstrated strong growth across multiple metrics, including GDP, urbanisation rates, and logistics market size forecasts, highlighting its economic resilience. Colombia showed promising advancements in international trade, renewable energy adoption, and innovation scores, solidifying its position as an emerging player. Conversely, countries like Bangladesh and Ukraine faced challenges due to declining urbanisation rates, trade metrics, and security concerns. Nigeria also slipped in rankings, largely due to deteriorating GDP performance and rising inflation, underscoring the difficulties faced by oil-dependent economies amidst global economic uncertainties.

Domestic Opportunities:

What happened to the biggest movers? We have seen strong rebounds in domestic opportunities for countries like Kuwait, Venezuela, and Sri Lanka. Kuwait benefited from a surge in GDP, driven by increased investments in domestic infrastructure. Venezuela's remarkable rise reflects economic stabilisation after years of sky-high inflation sitting at 193% in 2023, 41 percentage points lower than 2022 and in fact the lowest level since 2012. There is now potential for the country to facilitate some levels of growth.

In contrast, countries like Bangladesh, Nigeria, and Egypt struggled due to economic headwinds and low growth in domestic activity. Bangladesh, despite its export prowess, experienced slower urbanisation growth and GDP contractions. Nigeria's heavy reliance on oil exports made it vulnerable to global economic fluctuations, further weakening its domestic logistics market.

International Opportunities:

What happened to the biggest movers? Countries such as Kenya, Ethiopia, and Algeria made significant strides in international trade opportunities. Ethiopia's rise was driven by robust growth in import/export logistics, less disruptive conflicts and importantly, Ethiopia's maritime deal with Djibouti. This deal has given the world's biggest landlocked country access to the sea thus improving international opportunities. Similarly, Algeria's enhanced investment in infrastructure, better transport networks, increased exports due to favourable trade agreements has helped it to climb the ranks. Kenya's improvement stemmed from trade reforms, record volumes, lower fees and upgrades on horizon for better Mombasa port, thus leading to better shipping connectivity.

However, challenges persisted for Bangladesh, Lebanon, and Myanmar. Lebanon's sharp decline reflects deteriorating trade metrics and connectivity, compounded by ongoing economic instability. Bangladesh saw an increase in its trade-weighted tariff rate and thus decreasing the international trade. Similarly, Myanmar's downturn in import/export growth hampered its international logistics outlook as post- coup policies and conflicts started to overcome the effects of the depreciating currency.

Business Fundamentals:

What happened to the biggest movers? Colombia and Kuwait demonstrated strong improvements in corruption perception, electrification rates, and inflation management, fostering a more stable business environment. Cambodia also benefited from gains in order and security metrics, which bolstered investor confidence.

Conversely, Egypt and Turkey faced setbacks. Egypt's inflation challenges and Turkey's weakening property rights scores hindered their ability to maintain competitive business fundamentals. Political unrest and economic instability remained significant barriers for both countries, increasing risk and deterring investment.

Digital Readiness:

What happened to the biggest movers? Bahrain, Vietnam, and Mexico advanced in digital readiness due to a growing online consumer base being captured by tech savvy and innovative local businesses thereby creating more digital opportunities. Bahrain's rise reflects a focus on building infrastructure and fostering innovation. Vietnam's renewable energy integration and growing digital economy further enhanced its position. Vietnam's renewable energy sector has shown signs of recovery, with the government implementing policies to support growth. Notably, the introduction of the Direct Power Purchase Agreement (DPPA) framework allows large electricity consumers to directly purchase renewable energy from generators, fostering a more integrated legal framework for the energy sector.

On the other hand, Philippines, Pakistan, and Lebanon struggled in this segment. Declining network readiness and lagging innovation indices were major contributors to their downward trajectory. Pakistan's deteriorating digital skills and weak technical infrastructure remain challenges for its digital economy. Similarly, Lebanon's economic crisis has stifled advancements in digital adoption.

GCC Index

GCC Index

Country	Score 2024	Rank 2024	Score 2023	Rank 2023	Change
United Arab Emirates	6.31	1	6.49	1	0
Saudi Arabia	6.08	2	6.05	2	0
Qatar	5.64	3	5.85	3	0
Oman	5.30	4	5.27	4	0
Bahrain	5.27	5	5.22	5	0
Kuwait	5.08	6	5.03	6	0

International Opportunities

Country	Score 2024	Rank 2024	Score 2023	Rank 2023	Change
Saudi Arabia	6.07	1	6.11	1	0
United Arab Emirates	5.90	2	6.10	2	0
Qatar	4.92	3	4.93	4	1
Oman	4.72	4	4.96	3	-1
Kuwait	4.52	5	4.64	6	1
Bahrain	4.49	6	4.68	5	-1

Domestic Opportunities

Country	Score 2024	Rank 2024	Score 2023	Rank 2023	Change
Saudi Arabia	5.61	1	5.41	3	2
United Arab Emirates	5.53	2	5.52	2	0
Qatar	5.36	3	5.72	1	-2
Kuwait	5.07	4	4.90	6	2
Oman	5.06	5	4.96	4	-1
Bahrain	4.99	6	4.92	5	-1

Business Fundamentals

Country	Score 2024	Rank 2024	Score 2023	Rank 2023	Change
United Arab Emirates	8.53	1	8.71	1	0
Saudi Arabia	7.45	2	7.28	2	0
Qatar	6.97	3	7.21	3	0
Bahrain	6.91	4	6.68	4	0
Oman	6.72	5	6.22	5	0
Kuwait	6.03	6	5.64	6	0

Digital Readiness

Country	Score 2024	Rank 2024	Score 2023	Rank 2023	Change
United Arab Emirates	8.53	1	8.71	1	0
Qatar	7.65	2	7.21	3	1
Saudi Arabia	7.39	3	7.28	2	-1
Bahrain	6.91	4	6.68	4	0
Oman	6.73	5	6.22	5	0
Kuwait	6.03	6	5.64	6	0

AGILITY EMERGING MARKETS LOGISTICS INDEX 2025: GULF COOPERATION COUNCIL SPECIAL

1. THE GCC: A BEACON OF RESILIENCE IN THE MIDDLE EAST

Given the events of the past year – the Israeli military operations against Hamas in Gaza and Hezbollah in Lebanon; the disruption to traffic in the Red Sea and Suez Canal and the fall of the Assad regime in Syria – it might have been assumed that the whole region would have been rocked by geo-political instability. In fact, as far as the Gulf Cooperation Council countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates are concerned, nothing is further from the truth. Whilst there is no doubt that the events have provided economic headwinds – especially due to the diversion of shipping away from Saudi Arabia's Red Sea ports and the impact on regional trade – they have done nothing to derail the region's development strategies.

At the heart of the region's plans is its positioning as a bridge between the Global North – that is Europe and North America – and the Global South, a catch all term which includes Africa, the Indian sub-continent and, of course, Asia. This involves not just the facilitation of the flows of goods through the ports, airports and other transport infrastructure which have been built in the Gulf and Red Sea to such effect over the past few decades. It also includes building political bridges and to this end GCC governments have been at pains to avoid taking sides when it comes to tensions between the West and Russia and China. For example, whilst the UAE and Saudi Arabia are seen as long standing allies in the region by the UK and USA, they have also been keen to join the BRICS group of countries. They have also taken a fairly neutral position on the war in Ukraine. In this respect, they have aligned themselves with the stance being taken by India which has been a key beneficiary of cheap oil from Russia whilst in return providing essential goods.

As well as coming closer politically, the GCC and India have also signed agreements for mutual investment. Indian goods will flow more freely through the GCC hubs whilst India will benefit from greater investment in its transport and energy sector. Intra-regional trade will grow and global volumes will increase as India uses the GCC as a gateway to the rest of the world.

Whilst the addition of some of the GCC countries to the BRICS group will certainly boost trade and political links, relations with the West will continue to be of prime importance. Whilst the BRICS group has a common purpose in establishing an alternative model to Western economic, financial, political, technological and cultural dominance, many of the countries involved have irreconcilable differences. India and China, for example, will be playing out a rivalry for economic dominance in Asia for generations to come.

Looking beyond the region, the election of President Trump in the USA could have major consequences for the GCC both directly and indirectly. He has already announced plans to scale up domestic oil production and the resulting downward pressure on global hydrocarbon markets would inevitably reduce revenues for GCC countries, impacting both on new oil and gas projects as well as their ambitious plans to improve tourism and transport infrastructure. Even renewable projects, such as the transition to alternative shipping fuels, could be affected if President Trump decides to withdraw the US from multilateral climate talks and remove net zero targets.

In terms of foreign policy, however, Trump's election could be a catalyst for the peace process across the region. Whilst his approach to the conflict will only become clearer once in office, his success in his last presidency in terms of framing the 'Abraham Accords', bringing about closer ties between Israel and the GCC countries, is a cause for optimism. Against this, his hostility to Iran may result in more disruption, especially if tensions result in the closure of the strategically critical Straits of Hormuz.

Ti's Take

Paradoxically, whilst large parts of the Middle East are in turmoil, the GCC region stands out as a beacon of stability. The energy, tourism, transport, finance and construction sectors, to name but a few, are thriving and investment is robust. Nevertheless, there are tricky times ahead as governments in the region attempt to balance geo-political tensions, not least between the USA and China.

2. BUSINESS ENVIRONMENT

At the heart of the GCC's successful business environment is a strong and stable economy. The inflation rate in 2024 will be just 2.1% year-on-year, with some sectors, including transportation, showing slight falls in prices. Economic growth, admittedly, has been weak in 2024 (just 1.6% according to the World Bank), affecting some of the key metrics in this year's Index. However, in the short to medium term, strong economic development is set to return with World Bank economists predicting growth at 4.2% in 2025-26. This will be largely as a result of growth in the non-oil sector of 3.7%, showing the success of the diversification strategies employed by all GCC countries as well as reforms.

GDP Growth rates across the GCC

	2024-25	2025-6
Bahrain	3.5%	3.3%
Kuwait	-1%	2.6%
Oman	0.7%	3.0%
Qatar	2.4%	4.1%
Saudi Arabia	1.1%	4.7%
UAE	3.3%	4.1%

Source: The World Bank

Growth in many of the GCC countries was affected by the OPEC voluntary oil production cap but hydrocarbon output is expected to increase in 2025, providing an economic tailwind to markets already expected to benefit from non-energy sectors.

Market accessibility in the GCC region is improving year-by-year. Foreign ownership levels, ease of capital inflows and outflows, legal frameworks to protect investments, and clearing and settlement procedures are critical to ensuring that a market is attractive to foreign investors. For example, several Qatari companies have now raised their limit on foreign ownership from 49% to 100%. However, barriers still exist throughout the region. Foreign ownership of listed companies in Saudi Arabia and the UAE are generally restricted to 49% whilst some are fully closed.

Trade throughout the region will be further enhanced by efforts to unify standardisation activities. Although not as eye-catching as some initiatives, technical standardisation will be as fundamental to moves towards a single GCC market as it was throughout the EU. In May 2024, for example, 39 product technical regulations were adopted as standard, removing a significant non-tariff barrier to trade across the community. Not only will trade benefit, but it will also increase consumer confidence in product safety opening up new markets for Gulf manufacturers.

Whilst corruption is a major problem in many parts of the Middle East, the GCC performs well in terms of corruption metrics, although not as well as many high income countries in the developed world. The UAE has been praised for its efforts to reduce opaque business processes which encourage corrupt practices. For example, it has streamlined customs clearance through digitisation. This prevents service bottlenecks and reduces the opportunity for customs officers to demand bribes by removing human interaction. UAE's underperformance in the Basel Anti-Money Laundering Index has made the issue a national priority for the government and the subsequent establishment of a committee to oversee a strategy for Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT). As the chairman, HH Sheikh Abdullah Bin Zayed Al Nahyan said, 'we are making a genuine difference in our ability to prevent illicit financial flows and achieve our goal of making the UAE one of the strongest and most respected economies in the modern world.'

Education is fundamental to the economic, social and cultural development of the GCC region. It forms a core part of Saudi Arabia's Vision 2030 strategy and involves creating equal access to education, improving learning outcomes, improving the international ranking of educational establishments and aligning student learning with labour market needs. Many of the other GCC countries' development strategies involve similar aims, investing in education at primary to tertiary levels to increase standards across the board, especially scientific and professional. Oman goes as far as to list one of its key ambitions as achieving 'an effective national system that nurtures scientific research, innovation, and creativity to build a knowledge-based economy and society' and, by 2040, being amongst the top 10 performing countries in the education field. Despite efforts across the region, the UAE ranks at 46th, Qatar at 48th and Saudi Arabia 64th in the global PISA (Programme for International Student Assessment) scores of educational attainment, in line with other emerging countries such as Malaysia (55th), Thailand (63rd) and Indonesia (69th). Education for women will form a key part of the region's economic development plans. For example, the National Strategy for the Advancement of Omani Women is having success at encouraging women, especially in younger age groups, into the work force by promoting skills training and education, career development and entrepreneurship.

Industry diversification

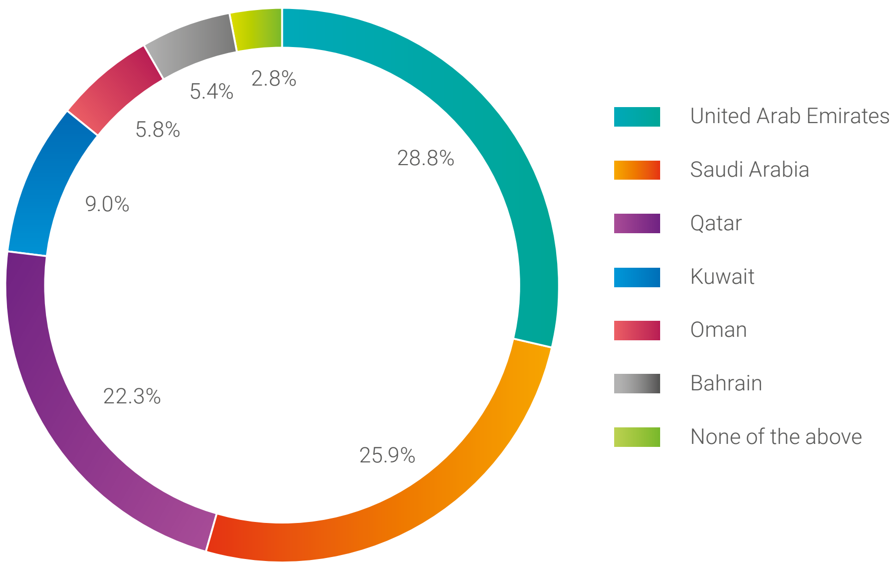
The GCC economies have historically been driven by hydrocarbon extraction, a vulnerability which has left them exposed to price volatility. However, for many years government in the region have recognised the imperative to reduce reliance on oil revenues and build more diversified economies.

The UAE and Saudi Arabia were first movers in this respect, and this is reflected in their strong progress in the eyes of the AEMLI survey respondents (Figure 1.1.). The UAE has transformed itself into a global hub for trade, tourism, finance and technology, with non-oil sectors now contributing 80% of its GDP. Saudi Arabia, meanwhile, has aggressively pursued diversification through its Vision 2030 initiative, investing in sectors such as tourism, entertainment, and manufacturing.

Just behind them, Qatar's focus on sports and tourism has earnt recognition, while countries such as Kuwait, Oman, and Bahrain are perceived to lag due to smaller-scale efforts or less general awareness of diversification projects.

Figure 1.1 Progress towards economic diversification in the GCC

In your opinion, which of the following GCC countries have seen most progress in diversifying their economies over the past decade?



In terms of drivers of economic diversification, the results of the AEMLI survey (Figure 1.2) reflect the Gulf countries' urgent focus on tangible, immediate economic enablers, such as infrastructure and workforce development, while gradually integrating longer-term strategies into their diversification efforts. As mentioned above, decreasing their reliance on oil is a driving force for Gulf nations, which goes some way to explaining the emphasis on key pillars for non-oil sectors.

Within that context there is a pressing need to build diversified economies while addressing global and regional challenges. The survey results suggest a pragmatic approach is most appealing, with a focus on foundational changes that lead to long-term success.

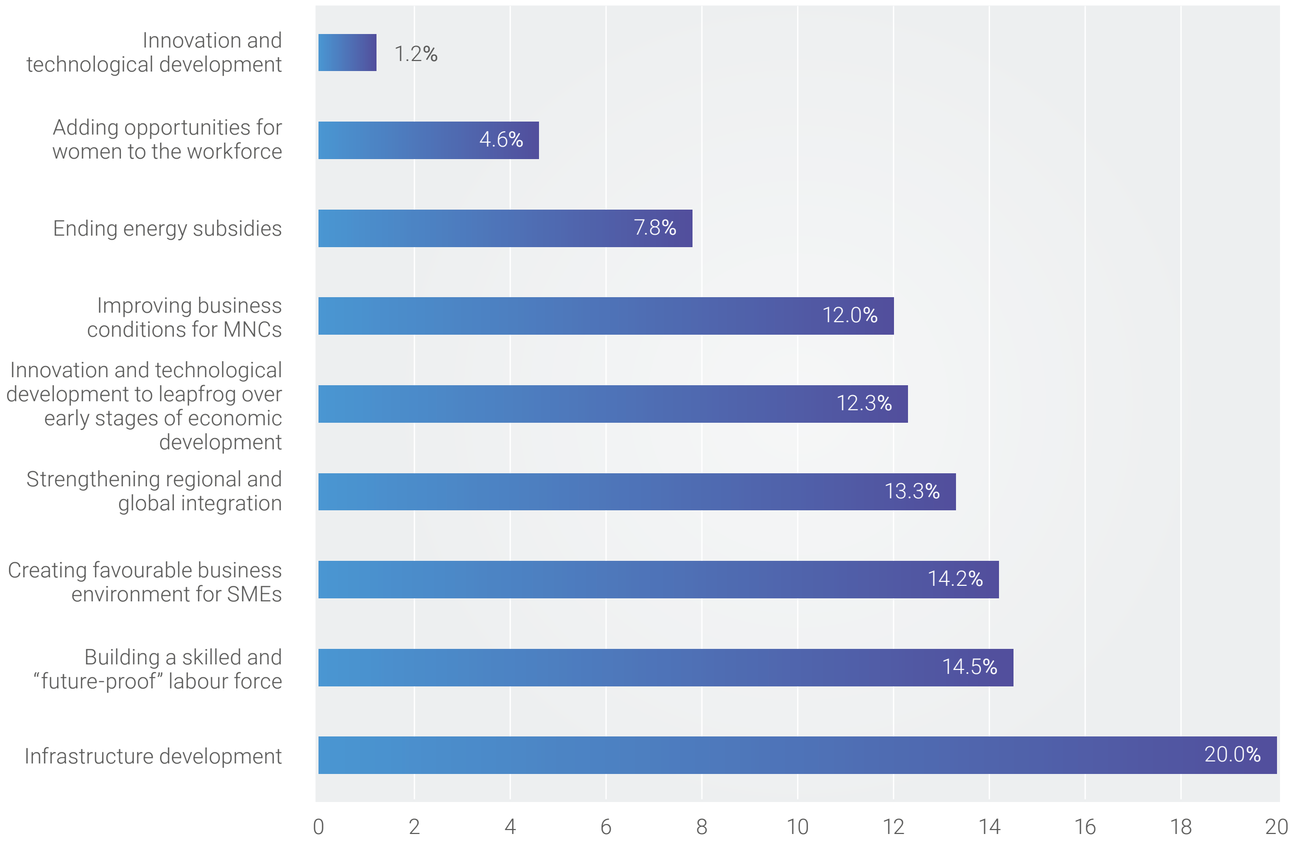
The desire for infrastructure development (20%) highlights the critical need for robust trade networks, logistics hubs, and modern urban frameworks to support economic diversification. The future-proofing of the workforce (14.5%) shows the need to equip local talent pools with the skills to deliver in a digital and globalised economy.

Elsewhere, the focus on empowering SMEs (14.2%) and fostering regional and global integration (13.3%) demonstrates the need to foster private sector growth and consolidate the region's role in the global market place.

On the whole, the emphasis on tangible enablers shows the region's commitment to securing a stable, diversified future in a rapidly changing global landscape.

Figure 1.2 Drivers of economic diversification in the GCC

What are the THREE most important key drivers of economic diversification in the Gulf countries? Please rank in order of importance



Ti's Take

The GCC economy is resilient and is likely to return to strong growth in the near term although disruption to trade flows has affected some parts of the logistics and supply chain sector. The region is under-going structural reform, with a gradual liberalisation of rules on foreign ownership, the adoption of standardisation, a crackdown on corruption and money laundering and the prioritisation of education with a focus on access for women. The UAE, Saudi Arabia and Qatar have made the most progress on economic diversification according to the AEMLI survey, not least by focusing on tangible enablers such as infrastructure development.

3. SUPPLY CHAIN DEVELOPMENT

Opportunities from investment in infrastructure

Massive infrastructure projects are under construction right across the GCC region, creating significant opportunities, not least for building companies, consultancies and logistics service providers. An even bigger pipeline of projects exists to fulfil the GCC 'Vision' diversification ambitions of the next decade. These programmes often involve public-private partnerships (PPPs) especially within the housing, tourism and transport sectors. For example, in the emirate of Abu Dhabi alone there are more than 250 housing projects worth AED160 billion ($43 billion) and 155 transportation projects valued at AED25 billion ($6.8 billion). In total, the value of planned and unawarded projects throughout the GCC amounts to $2 trillion, a pipeline which will be impossible to achieve without significant external investment. In addition, the introduction of capital through PPPs allows governments to expedite projects as well as bringing in private sector efficiencies, international best practice, management skills, technologies and know how in a 'risk and reward' framework.

United Arab Emirates

- PPPs play an important role in the UAE's infrastructure development plans. Starting in power and water construction projects, the government has expanded their scope to include education, healthcare and transportation. They can involve the financing, design, procurement, construction, commissioning, and operations and maintenance of a project, such as school campuses. The $22 billion Dubai Strategic Sewerage Tunnels projects are some of the biggest public-private partnership design-build-finance deals in the region and are attracting enormous international interest. The level of engineering complexity and innovation required to transform Dubai's sewerage infrastructure is breath-taking, using deep tunnelling technology to minimise disruption. Concessions are expected to be in the range of 25-35 years and the government is keen to push ahead quickly. Climate change is playing a part in the urgency of the project – more intense and frequent storms have exposed the weakness of Dubai's drainage infrastructure, overwhelming it with recent floods.

Saudi Arabia

- Saudi Arabia's position as a major focus for domestic investment and construction projects has been driven by the country's well-publicised Vision 2030 economic diversification policy, highlighted for many years by the AEMLI. The government's National Center for Privatization and PPP has approved a pipeline of 200 projects worth more than $50 billion including airports, desalination plants, sewage works, reservoirs and rapid passenger transits. More than 300 other projects are in the evaluation stage despite the Private Sector Participation Law only coming into effect in 2022. This has led to real estate company Knight Frank referring to Saudi Arabia as 'the biggest construction site the world has ever seen'. However, this status may be jeopardised by announcements which suggest that many projects may be delayed or cancelled, with problems exacerbated by disruption in the Red Sea. Some observers have suggested the Saudi government has gone 'too far, too fast' out infrastructure projects, such as the new city of NEOM, outpacing the development of business, legal and regulatory frameworks that can support them. Regardless, laws related to FDI contracts are still being tested and supplier networks are having to be built from scratch. The Saudi government is working to put these structures in place. Consequently, in the near term the majority of funding will continue to come from the Saudi government to plug the shortfall.

Oman

- The Omani government is using the PPP model to kickstart infrastructure investment in the country. The 2024 budget identified significant projects across a range of different sectors, from transport to healthcare, with investment supported by a favourable oil-price. Overall, the economic climate is being helped by reform of state-owned enterprises and an increasingly business-friendly regulatory environment which will encourage foreign investment. Projects such as the Salalah – Thamrait heavy truck road will reduce logistics costs, making Omani products more competitive on the world market, generating jobs and wealth.

Qatar

- The Qatar National Vision 2030 strategy recognises the importance of encouraging private investment in the country to facilitate sustainable development and economic diversification. As part of its engagement with the private sector in 2024 the Qatar Electricity and Water Authority (Kahramaa) awarded Korean Samsung C&T Construction Group the contract to build a combined $2.84 billion power and desalination plant, to be operated by Japan's Sumitomo. Samsung has also been awarded the contract to build two solar plants at Mesaieed Industrial City, 36kms from Doha.

Bahrain

- Whilst Bahrain has used the PPP model for many years, it has ambitious plans to increase investment across a range of sectors including wastewater, housing and transport. As regards the latter, plans for a new link between Bahrain and Saudi Arabia are well underway, with tendering details being discussed back in late 2023. The King Hamad Causeway, augmenting the at-capacity King Fahd Causeway, would connect to the GCC railway and lead to better integration with ports. It is reported that consortia from China, France, Italy as well as Bahrain have been involved in the bidding process.

Kuwait

- As with the other GCC countries, Kuwait has embraced the PPP model to deliver its Vision 2035 ambitions. Four of the largest projects include the Az-Zour North Independent Water and Power Project, involving the construction of a power generation and desalination plant ($1.7 billion); the Al-Zour Refinery ($13 billion); Jahra and Farwaniya Hospitals ($1.2 billion) and Kuwait International Airport Terminal 2 ($4.34 billion). All the projects involve local and international consortia. A $10 billion national railway and the China-backed $86 billion 'Silk City' are also planned. To deliver on its ambitions and kick start projects currently at a standstill, the government will need greater private sector engagement both locally and internationally. Potential investors are likely to press for more clarity from the government on financing specifics, bureaucratic requirements, project timelines and other details before private-sector capital becomes available.

Ti's Take

Attracting foreign capital will be essential if the GCC countries are to meet the targets they have set as part of their 'Vision' statements. Legal reform and the creation of stable business eco-systems will be critical in these efforts. What is clear is that massive infrastructure investment is underway. This not only brings opportunities for the supply chain and logistics industry, but it will also lay the foundations for future economic growth – a win-win for the region.

4. LOGISTICS OPPORTUNITIES

Red Sea disruption

With no sign of the crisis in the Red Sea abating, global shippers have put in place a range of plans to mitigate delays involved in re-routing ships around the Cape of Good Hope. A survey undertaken by Ti in 2024 found that almost two thirds of shippers had switched a proportion of their shipments away from sea freight services. Of the various modal shift options available, the switch from sea to air was the most common choice (17.2%). But the shift towards multi-modal solutions (air/sea combination and sea/land combination) was also significant – almost 20% in aggregate. This is due to the cost and time advantages of using a combination of air/sea and sea/land compared to a full shift to air. The major ports in the region have been key beneficiaries of this trend.

It is difficult to measure the impact of the Red Sea disruption on land-based solutions by-passing the trouble spots around Yemen. However, there is no doubt that volumes are increasing quickly albeit from a very low base. Routes from the UAE across Saudi Arabia to Jeddah or even across Jordan to Haifa in Israel have their own challenges and only a small market serving the routes exists. New digital platforms are being developed to provide more visibility of loads and backloads, but the route is still difficult and trucking capacity will only ever carry a small proportion of shipments previously destined for Europe via the Suez Canal. That being said, the land solutions serve an increasingly important niche which will continue to grow if the disruption continues for years rather than months.

Regional hub status

In 2024, the GCC made significant efforts to increase its economic ties with India, a move which will create major opportunities for the logistics industry of both parties, especially in terms of infrastructure investment. From energy to defence, Saudi Arabia has been at the forefront of plans to invest in major projects in the sub-continent, whilst India will gain access to the hydrocarbon resources in the GCC. In order to facilitate the flows of oil, gas and goods, there are further plans to develop the India-Middle East-Europe Economic Corridor (IMEC) – a road, rail, shipping, energy and ICT network linking the two regions and onward to Europe. By improving links, India will access the GCC’s global hubs, thereby lowering the time and cost of getting its products to market. At the same time as this, the GCC’s status as the focal point of a regional logistics network will be enhanced, fundamental to its growth strategy.

On the west coast of India, ports such as Jawaharlal Nehru, will be major beneficiaries, whilst in the Gulf, Abu Dhabi’s Khalifa Port is hoping to become the main distribution location for Indian goods. Following a Comprehensive Economic Partnership Agreement (CEPA) signed by the UAE and India in 2022, a 100,000 sq m facility in the Jebel Ali Free Zone has been developed to export ‘Made in India’ goods to the rest of the world. Future connectivity will be enhanced by the possibility of improved over-land links to Europe.

Regarding this latter point, the change of regime in Syria could bring logistics opportunities in terms of greater regional integration. The UAE, Qatar, Turkey and Iraq have already been in talks over the development of multi-billion dollar road and rail projects connecting the GCC through Basra to Turkey and beyond. If a new government in Syria can create economic stability and security, there is no reason why foreign investment cannot be used to rebuild its war-torn infrastructure in order to benefit from its geographical location as a crossroads for east-west and north-south freight flows.

Warehousing: Focus on Saudi Arabia

Saudi Arabia's domestic logistics industry and associated warehousing needs are being driven by the country's economic growth (especially in non-oil sectors), the development of e-commerce as well as land use reforms. As part of its National Transport and Logistics Plan, the government intends to develop 59 logistics centres across the country. One of the focal points for development will be around the ports and airports of Jeddah, which it is hoped will act not only as an import gateway but as a regional hub. A $266 million logistics park is also slated for Damman, on the Gulf. Increased urbanisation, more disposable income, the consumption of perishable foods and the development of the healthcare sector are all having a major impact on the growth of the chilled and frozen warehousing sector. The automotive industry is also driving demand as the government encourages the development of domestic manufacturing, especially of electric vehicles.

However, Saudi Arabia's warehousing sector faces significant challenges. One of the most pressing is the shortage of warehouse workers, a problem which increased automation can only partly address. Another challenge is the cost required to build out a national distribution network of warehouse assets. The sparsely populated nature of much of the country and long distances between urban areas means that providing fast and efficient logistics services, especially for online shoppers, is expensive and difficult to manage. Despite this, consumers are increasingly expecting faster fulfilment times making a local warehouse presence in the market essential. This requires a mix of larger distribution facilities and smaller, urban fulfilment centres.

The growth of demand and the specific needs of industry sectors has meant that high quality, modern warehouse capacity is in short supply, an imbalance which has resulted in high rents. This situation is likely to continue. As real estate company Knight Frank commented concerning the market in Riyadh, 'As things stand, the city's existing stock consists mainly of low quality, ageing warehouses located near the city's dry port, which is at odds with what occupiers are looking for: high quality, modern facilities, built to international specifications'. Green energy sources, specifically solar panels, will be an essential element of these requirements.

Ti's Take

Whilst there has undoubtedly been disruption to the region's logistics systems due to the security situation in the Red Sea, the GCC has proved adaptable. Ports, airports and freight forwarders have benefited from sea-air volumes and flexible overland solutions have been developed linking the Gulf with the Mediterranean. Increased co-operation with India will provide long term, sustainable flows of goods and further integration of transport networks which may in the future stretch through Syria. Saudi Arabia's warehousing market stands out for its growth potential, not only to keep up with existing demand but to meet the needs of high growth manufacturing and e-commerce sectors.

5. DIGITAL DEVELOPMENT

World class digital infrastructure will be critical to the GCC's ambitions to develop its position as a global supply chain hub. This will involve not only increasing its data capacity through state-of-the-art data centres, but also improving regional interconnectivity, leveraging its geographic location at the crossroads of Europe, Asia and Africa. This will involve investment in submarine cable, 5G wireless and broadband fibre infrastructure, a need reinforced by the demand for Artificial Intelligence.

Investment in data infrastructure is already enabling digitisation of business processes. For example, trade digitisation is an important policy objective for the Saudi Arabian government. The United Nations Economic and Social Council found that of 34 core metrics related to general and digital trade facilitation, Saudi Arabia was the highest performer with an overall implementation rate of 85%. This compared with an average implementation rate across the Arab region of just 54%. This includes the implementation of a Single Window system which has reduced the administrative burden for traders of documentation submission to multiple government agencies. The same research found that Saudi Arabia was also a regional leader in the coordination of administration with neighbouring countries, aligning procedures. For example, Bahrain and Saudi Arabia have introduced a pilot scheme using the latest technologies to streamline procedures and process trucks between the two countries.

Dubai's eCommerce Strategy has the ambition to reduce business operation costs, including storage, customs fees and transportation, by 20% using 'smart' initiatives and digital transformation programmes. In order to create an environment in which digital businesses can thrive, government itself must be digitally enabled and a key part of the UAE's transformation strategy relates to delivering digital government services, backed up by relevant legal frameworks. Abu Dhabi's growth fund has been tasked with investing in late-stage start ups intended to give the country global leadership in AI, cloud-computing and IT-outsourcing markets.

A key challenge for the UAE (and the GCC more generally) will be managing relationships with both the USA and China over the use of advanced technologies. The USA is worried that strategic ICT capabilities will 'leak' through countries such as the UAE to its main strategic adversary. Whilst the UAE has generally been careful to walk a tightrope between the two superpowers, on the issue of AI computing it has come down firmly on the side of the USA, negotiating access with the CIA and National Security Council to technologies in return for exclusively using Western components in its AI infrastructure and restricting the use of Chinese nationals in its data centres. Its future development in AI and other advanced technology sectors will undoubtedly be influenced by the stance which President Trump takes towards China and how willing he is to share knowledge and components with third party countries, allies or not.

As well as digitisation, digital markets are also developing in the region. Gaining access to digital bank accounts and other business tools is an essential part of the ecommerce revolution, especially in emerging markets. Not least, it provides small businesses with the ability to integrate with regional or global e-retail platforms facilitating wealth creation at a local level. SMEs in the GCC are already well-established users of digital tools and platforms allowing them to:

- Develop new products and services
- Acquire new customers and improve customer service
- Improve cash flow
- Improve business efficiency
- Scale their offerings
- Access finance

From a supply chain perspective, working with digital platforms allows SMEs to compete with larger rivals by gaining the same access to trade compliance systems; providing real-time tracking updates to customers; gaining real-time visibility of inventory; first and last mile delivery (the latter potentially on an international basis); and reverse logistics services. However, for these benefits to be fully achieved the GCC needs to continue investing not only in infrastructure (good internet access is a pre-requisite) but in training and education – so-called 'digital inclusion'. In this respect there is still much to do. A survey by Visa found that the GCC lags many other economies in terms of digital adoption - although this is also an opportunity. The survey showed that there was a clear correlation between online selling and exporting, providing access to new markets and in turn creating value and new jobs.

Ti's Take

It will be essential for the GCC to continue to invest in data infrastructure which will consolidate its role as a global supply chain hub. The infrastructure must be used to reduce trade 'friction', facilitating the movement of goods to and from the region in an efficient way, whilst protecting business and consumer data. At the same time, data networks and digital inclusion will be essential for SMEs to take advantage of selling on e-retail platforms, creating wealth in parts of the population and region where it is most needed.

6. SUSTAINABILITY

The green energy transition is an important part of many GCC countries' missions to diversify their economies - alternative energy projects are continuing at a pace. The UAE has led the way in the region, successfully negotiating the 'UAE Consensus' at COP28 held in the country in December 2023, a goal of which was to triple renewable energy output, double energy efficiency and develop new forms of climate finance. The latter included the launch of the UAE's Alterra fund, focused entirely on climate change solutions.

GCC countries net zero pledges

UAE: net zero by 2050

Oman: net zero by 2050

Saudi Arabia: net zero by 2060

Bahrain: net zero by 2060

Kuwait: net zero by 2060

Renewable energy now contributes around 28% of the UAE's energy mix, growing by 70% in 2023. Total investment in clean energy projects amounts to $12 billion and the government hopes that this will enable the country to meet its renewable energy mix target of 32% by 2030. Projects in the UAE have included:

- 1.8 GW Phase VI of the Mohammed bin Rashid Al Maktoum Solar Park (planned to produce 5,000 MW by 2050)
- two 1.5 GW photovoltaic projects in Abu Dhabi
- hydroelectric power plant in Hatta due to be completed by mid-2025
- Barakah nuclear plant's fourth reactor

Saudi Arabia is heavily invested in diversifying away from hydrocarbons and green tech is an important part of this strategy. When president of the G20 in 2020, it placed the concept of the Circular Carbon Economy at the heart of its climate action plan with the goals of:

- Reducing emissions through investment in renewables and nuclear energy
- Reusing carbon as feedstock and fuels
- Recycling carbon with bioenergy and natural carbon capture processes
- Removing carbon by storing it through carbon capture utilisation and storage (CCUS).

It has set out an ambition of generating 50% of its electricity from renewable energy sources by 2030 and has launched 80 projects since the start of the Saudi Green Initiative (SGI) in 2021.

In addition to its net zero pledge, Bahrain has committed to reducing carbon emissions by 30% by 2035 through a combination of climate change adaptation, developing a low carbon economy and creating sustainable opportunities. APM Terminals Bahrain has set an example by developing a solar power project to make the Khalifa Bin Salman Port (KBSP) the first solar-powered port in the GCC.

Oman has adopted what it calls an 'orderly' transition to its net zero target with five objectives:

1. Achieve environmental sustainability
2. Minimise energy costs for Omani citizens
3. Optimise economic benefits
4. Create jobs
5. Assure security and stability of supply.

The government foresees that it would leverage its onshore wind and solar resources to help it reach the target. One of the largest renewable energy projects under construction is the 500 MW Manah Solar Plant, led by Shanghai Electric Company.

Kuwait's commitment to reach carbon neutrality by 2060 (2050 in the oil and gas sector) will be achieved by a mix of oil-to-gas substitution, energy efficiency measures, renewables and carbon capture and storage. However, it has rejected any calls for a phase out of fossil fuels, preferring instead to focus on new technical and control solutions. One of the biggest renewable projects planned is the Al Dibdibah Power and Al Shagaya Renewable Energy (Phase III) Zone 1 Solar PV Independent Power Project (IPP) which on completion will have a net power capacity of 1,100 MW.

Qatar's wealth lies in its vast natural gas resources. However, as with the other GCC countries it realises that it must reduce its dependence on hydrocarbon extraction. Diversification to green energy technologies achieves this goal at the same time as reducing its carbon emissions. To this end, it is planned that solar power will make up 30% of its energy mix by 2030 helped by photovoltaic facilities such as Al Kharsaah solar farm. The government is also focused on green hydrogen, methanol and ammonia generation including a $1 billion 'blue' ammonia plant in Mesaieed Industrial City.

In much of the world, enthusiasm for hydrogen as an alternative fuel has dimmed significantly over the past year, with many projects being cancelled or postponed as a result of a lack of demand, slow regulatory approval and insufficient government funding. This prompted one investment company to state that green hydrogen was 'not investable'. However, this has not diminished enthusiasm in the GCC. The UAE has an ambition to produce a quarter of the world's low carbon hydrogen sector (through solar projects, for example) whilst the world's largest green hydrogen production facility is being developed in Neom, Saudi Arabia with an investment of $8.4 billion. The plant will manufacture green ammonia which can be used in heavy industry and transportation sectors using wind and solar energy. Some researchers and industry players – including shipping line Maersk - are particularly enthusiastic about its potential role in decarbonising the shipping industry.

Ti's Take

The GCC is investing massive sums of money in green energy technology projects and if governments are to meet their net zero carbon emissions commitments, investment will only increase. Solar, wind, hydrogen, hydro-electric, nuclear, methane and ammonia projects are under construction and many more planned. This will have a profound effect on supply chains and the logistics services required. Not only will there be an inflow of construction materials, but specialist components such as wind turbine blades or solar panels will need to be imported, stored and moved to the installations. This will create huge opportunities for supply chain and logistics companies serving the region.

Agility's Take

Golden Age for Gulf Startups and Small Business

This is a golden age for startups and entrepreneurs in the six GCC countries. Geopolitics, technology, climate urgency, and daring national agendas across the Gulf region have combined to create what might be the most favorable conditions that small businesses anywhere have ever enjoyed.

Private-sector expansion is the key to national ambitions in all six countries. Increasingly, Gulf leaders will be looking to small business and entrepreneurs as engines of job creation and innovation.

The ecosystems that Gulf countries established to nurture, fund, and scale digital startups are maturing. Gulf funders – from sovereign wealth funds to venture capitalists to family offices – are looking to write checks to entrepreneurs closer to home. Regulatory fine-tuning is creating new openings for smaller companies that have struggled to compete. Massive infrastructure, energy and technology projects are having a spinoff effect for local businesses and specialized service providers. Finally, powerful currents in Gulf trade, foreign investment, research and e-commerce are all working in favor of SMEs.

Funding. Simply put, there's more money – from local and international sources – looking to invest in young, innovative Gulf companies.

The Gulf's sovereign wealth funds have more than $4 trillion in assets under management, a record. They account for more than 40% of global SWF wealth, and their investments comprised 40% of the global sovereign investment total through the first nine months of 2024. Increasingly, Gulf fund managers are looking to invest more at home so that they can drive private-sector growth at the heart of the region's national Vision strategies.

Saudi Arabia's massive Public Investment Fund (PIF) is shifting the balance of its portfolio to focus less on international holdings and more on investment in new industries and projects in the Kingdom. PIF Governor Yasir Al-Rumayyan said in October that the fund will trim its global holdings to 18% of its portfolio, down from 30% in 2020.

In other cases, Gulf sovereign funds are putting money into young companies with innovative ideas that can aid home-country economic diversification. Abu Dhabi's Mubadala recently invested in Odoo, a Belgian company that offers single-platform software for small and medium-sized companies.

Venture capital investment in the GCC quadrupled from 2017 to 2022 and continues to outpace growth in most other geographies, increasing at a 24% compound annual growth rate. Investment is pouring into Gulf startups in AI, specialized online marketplaces, climate tech, delivery apps, fintech, edtech, and investment platforms.

At the same time, overseas funds such as U.S.-based ScienceWerx are putting down new roots in Saudi Arabia and neighboring countries so they can be first movers in AI, biotech, healthtech and other emerging fields. Similarly, Brookfield Asset Management says it is raising at least $2 billion for a new Middle East-focused private equity fund with PIF and other partners.

Multiplier Effects. The vast majority of the small businesses in the Gulf aren't the kind to attract direct investment from sovereign funds and venture capitalists. But most can expect to be lifted by the "agglomeration" or multiplier effect that flows from the staggering amount of investment and spending across the region, particularly in mega-projects, logistics infrastructure, AI, clean energy, and climate adaptation.

In the U.S., where most of the research on multiplier effects has been done, there is a clear correlation between investment and 1. Increased demand for local goods and services; 2. Increased productivity; and 3. Job creation. The addition of one highly skilled job in an urban area creates 2.5 jobs in other sectors dominated by smaller businesses: construction, food service and other localized roles, research shows.

Agility's Take

Golden Age for Gulf Startups and Small Business

Regulatory incentives. Gulf governments are using their policy levers to create new jobs, expand private-sector growth, and boost investment. Among all the carrots and sticks being deployed by policymakers are loads of advantages and opportunities that benefit smaller businesses. Some examples:

- In the UAE, where there are nearly 50 economic free zones, operators are competing to create the most business-friendly conditions. The Ajman NuVentures Centre Free Zone, the newest in the Emirates, promises to grant business licenses online in 15 minutes and issue two-year visas for investors within 48 hours.
- In Saudi Arabia, one of the main drivers of growth in the small business sector has been the Kingdom's sweeping push to make it easier and more attractive for women to join the workforce. Since 2017, the Kingdom has lifted the ban on women driving, introduced anti-harassment laws, expanded female legal autonomy, introduced childcare and transportation subsidies for working women, mandated equal pay, and prohibited termination of pregnant women. Today, women own 45% of small and medium-sized businesses in Saudi Arabia, where the rate of female participation in the labor force roughly doubled to 35% between 2017 and 2023.
- To create jobs for their citizens, Gulf countries are requiring private companies to meet hiring quotas and maintain a certain percentage of nationals in their workforce. In the UAE, small businesses can qualify for grants, subsidies and reduced fees by taking part in labor force Emiratization.
- Saudi Arabia's Regional Headquarters Program, intended to get multi-nationals to establish their regional head offices in the Kingdom, will add to the multiplier effect by sending global companies in search of Saudi partners for everything from local recruiting to branding, advertising and marketing.

Promotion and skills development. Gulf countries are getting better at figuring out what startups and small businesses need. Where non-energy exports used to be negligible, they are now aggressively promoted by the Saudis, Emiratis and other GCC governments.

In Kuwait, which licensed 6,700 new companies through the first three quarters of 2024, the National Fund for SME Development recently launched its Mubader Plus program, offering workshops, counseling and other assistance to budding entrepreneurs.

Dubai's Expand North Star, with 70,000 in attendance in 2024, is the world's largest tech startup and investment event.

Powerful tailwinds. Gulf leaders are embracing the post-World War II U.S. innovation model. That model uses government money to fund university research that can produce ideas later scaled and commercialized by the private sector. GCC countries are establishing or expanding universities and pushing them to innovate through partnerships with leading international research institutions or alongside Gulf counterparts through platforms such as the Qatar-led My Gulf University.

Trade trends are also working in favor of SMEs. The UK and six GCC countries are nearing completion of a new free trade agreement valued at $73 billion annually. A new FTA with the UK is likely to accelerate economic integration among the six countries, as will Gulf e-commerce, which continues to outpace other regions in annual growth.

Not to be overlooked is the China factor. Chinese companies are looking to the Gulf as the place where they can diversify their manufacturing base, invest in renewable energy and hydrogen production, and become EV market share leaders. Chinese investment in Gulf-based AI and tech development is making the GCC a hub for digital transformation and commerce.

For entrepreneurs, startups and small business in the GCC, it's never been a better time.

NOTE: A version of this blog was published by the World Economic Forum

DEEP DIVE: AEMLI SUB-INDEX ANALYSIS

In this section, the performances of the two most successful GCC countries in the AEMLI, the UAE and Saudi Arabia, are assessed in more detail, providing more granular information on why these countries have done so well in this year's Index.

UNITED ARAB EMIRATES

The UAE has been a high performer in the AEMLI since its initiation across all the four sub-indices of the Index: Domestic Opportunities, International Opportunities, Business Fundamentals and Digital Readiness.

Domestic Opportunities

The UAE moved up one position in the Domestic Opportunities sub-index compared with 2023. This improvement was due in part to:

- An increasingly urbanized population, supporting more intensified logistics activities
- Growth in the Domestic Parcels Market, supported by more e-retail activity
- Increased clustering of industrial facilities, benefiting economic, and consequently, logistics output.

However, low forecasts for population growth (relative to other emerging markets) as well as stagnating population growth over the past year weighed on UAE's overall relative score in this sub-index. Population growth is a key driver of economic and hence derived logistics output. UAE performs best of all emerging markets in the ranking in terms of Human Development. This component, which measures the length and quality of life, education and standard of living, is an important driver of demand for advanced logistics services, such as those in healthcare and pharma.

International Opportunities

The UAE performed very strongly in most elements of the International Opportunities Sub-Index. In particular, it made most progress as regards:

- Air and sea freight market growth over the past year and forecasted growth over the next five years
- An improvement in maritime and airport connectivity, ensuring that the UAE remains well integrated with the global trading community.
- Customs performance, providing shippers with world-class levels of border process administration.
- Increased levels of logistics intensive imports and exports – those goods which require advanced logistics services.

The UAE is continuing to close the gap with other countries above it in the rankings, demonstrating the benefits of its investment strategies.

Business Fundamentals

The UAE heads the rankings of the Business Fundamentals Sub-Index. It scores strongly due to:

- Its control of inflationary pressures, access to credit and management of debt.
- Its crackdown on corrupt practices, low business costs of crime and violence and a reliable police and justice system.
- Its business-friendly approach to regulation which limits the administrative burden in terms of cost and time.
- Strong transport and energy networks.

The score was only depressed by a low Herfindahl–Hirschman index (HHI) rating which suggests a highly fragmented market, reducing the opportunity to scale up business solutions and develop advanced manufacturing.

Digital Readiness

The UAE also performed very strongly in the Digital Readiness sub-index which maps progress in terms of digitalization and progress towards the green revolution. The UAE scored well in terms of:

- Greenhouse Gas emissions reduction.
- Access to mobile broadband services.
- The environment it provides for start ups and the digital skills within its workforce

- Access to bank accounts – very important to enable consumers to participate in the digital economy.
- E-commerce sales and forecast sales growth.

A key area which will need addressing is the access to finance for micro-, small and medium-sized enterprises within the economy. There is a huge potential for MSMEs to play a larger role in international trade, but in many Emerging Markets (not just UAE) this is being hindered by difficulties in getting access to capital or export financing. There may be opportunities for more innovative approaches to digital supply chain finance which would unleash this potential.

SAUDI ARABIA

Saudi Arabia had a very successful year in terms of its overall performance in the Index. It rose by two positions to rank 4th behind China, India and GCC partner UAE.

Domestic Opportunities

Saudi Arabia ranks in the top five countries in the Domestic Opportunities sub-index. Its performance was supported by:

- A strong economic performance, underpinned by a resilient oil and gas industry.
- Strong GDP per capita compared with other Emerging Markets, creating a more affluent society with greater levels of disposable income.
- A strong Human Development Index, indicating a better quality of life, increased health and higher levels of education, all factors which will drive a demand for more intensive logistics services and sophisticated supply chains.
- An increasingly city-based population, with need for high value urban logistics and parcels services.
- The clustering of industry, supporting economic growth through the development of focused supply chain eco-systems.

The score was held back by Saudi Arabia's population growth over the last year and its forecast growth over the next five years, lower in relative terms to many other countries in the ranking. Population growth is regarded as an important driver of economic development and hence derived logistics output.

International Opportunities

Saudi Arabia rose by one place in the International Opportunities sub-index to 5th. This performance was helped by:

- An increase in the value of logistics intensive imports and exports as the country diversifies its economy away from oil and gas.
- Strength in the air and sea freight forwarding markets and good prospects for continued growth in the next five years.
- Improved connectivity of ports as Saudi Arabia's exporters and importers become increasingly well connected to the global economy.

One area for potential improvement in the sub-index is Saudi Arabia's Trade-Weighted Average Tariff Rate score which has not improved. Import duties have been introduced in the recent past on a wide range of product lines.

Business Fundamentals

Saudi Arabia performs very strongly in the Business Fundamentals sub-index, achieving fourth position in the ranking. Its performance has been supported by:

- Competent financial management of inflationary pressures, access to credit and control of debt levels.
- Addressing corruption in business and civil society.
- Respecting property rights and enforcing law of contract.
- Increasing the reliability of the police.
- Investing in transport and energy networks.

In terms of elements of the sub-index which have potential for improvement, there is scope to address the costs of bureaucracy to business where the country scores poorly. In addition, the economy remains highly fragmented which can inhibit the development of more advanced manufacturing or services.

Digital Readiness

Saudi Arabia is in the top ten (6th position) emerging markets as regards Digital Readiness, a sub-index which measures a country's progression towards digitalisation and adoption of green technologies. Saudi Arabia's performance was enhanced by:

- Its achievements in reducing its greenhouse gas emissions due to its policy focus on renewable energies and investment in this sector.
- The adaptability of its economy to new digital business models. Digital platforms, for example, are being developed to provide more visibility and efficiency within the region's trucking industry.
- Access to mobile broadband services and bank accounts, essential for wider adoption of e-retailing.
- The development and encouragement of digital skills within the workforce.
- Higher value adding manufacturing processes, a function of the country's policy of industry diversification away from oil and gas.

In terms of areas for future improvement, Saudi Arabia still has ground to make up as regards the environment and encouragement it provides to start-up companies. There is also more potential to benefit from increased adoption of e-commerce throughout the economy. Focus on investment in broadband, mobile telecoms and accessibility of bank accounts will help this, as will the improvements to customs clearance times and processes which have already been achieved.

Agility's Take

How Saudi Arabia and UAE are Competing for Talent

Saudi Arabia and the United Arab Emirates, both in the midst of generational economic and societal transformations, know they're in a battle for talent. And they're acting on it.

Both countries have put talent front and center as they push to diversify their economies and expand the private-sector share of GDP. They are creating attractive incentives for global talent, focusing on localization and homegrown talent development, upskilling for future generations, and embracing digitization and AI.

Incentives for Global Talent

Both Saudi Arabia and the UAE are acting with urgency and taking major steps to ease immigration requirements so that they can fill critical gaps in their workforce.

The Saudi government has expanded the number of occupational categories eligible for self-sponsored long-term residency permits. Among the newest categories: certain types of executives; healthcare and scientific professionals; and gifted individuals in the arts, culture and sports. At the same time, a new online platform makes it easier for foreign nationals to submit the documentation – such as proof of university degrees – required for work and residency in the Kingdom.

To attract potential investors, Saudi Arabia has broadened its Business Visit Visa program. The goal is to allow greater numbers of investors to assess opportunities on the ground and open bank accounts in the Kingdom.

The UAE, in the earliest days of the COVID pandemic, was one of the first countries to sweeten its Golden Visa incentives by lowering the real estate and investment thresholds required to emigrate. The UAE was also among the first offer Digital Nomad visas – even to freelancers – to expand its talent base.

To fill labor shortages in healthcare, the Emirates has created a three-month "permit to practice" that allows medical professionals to practice temporarily before obtaining permanent licenses. Across the board, the country has fast-tracked immigration by implementing digital verification systems.

Localization

Even as they strengthen programs designed to attract expatriates with specialized skills, both countries are stepping up efforts to ensure that companies hire more homegrown talent.

In Saudi Arabia, national university students or trainees must comprise at least 2% of the headcount at companies with 50 or more employees. Mandatory Saudization targets at companies employing five or more accredited engineers went from 20% to 25% this year.

The UAE has increased fines and penalties for companies that fall short of Emiratization targets. Companies with 50 or more employees must boost the number of Emirati employees in skilled positions by 1 percentage point every six months. Emiratis are to be 10% of the private-sector workforce by the end of 2026.

Despite localization efforts in all GCC countries, the public sector remains the largest employer by far. Growing the private sector and making it the employer of first resort is an immense challenge and an urgent priority. In Saudi Arabia, only 2.3 million of 11.1 million private-sector jobs (-21%) are held by Saudi nationals. In UAE, Emiratis account for just 4% of private-sector workers.

Upskilling & Investing for Tomorrow

UAE and Saudi Arabia are transforming the Gulf's higher education landscape. Both are funneling more resources into university research institutions, partnering with leading global universities, and overhauling curricula and standards to match international standards.

Agility's Take

How Saudi Arabia and UAE are Competing for Talent

Saudi Arabia's Vision 2030 strategy aims to have at least five Saudi universities ranked among the world's top 100 by 2030. That means importing brainpower in the form of researchers and teaching professors, and collaborating through joint programs with the world's best higher education institutions. The government recently approved new regulations that allow foreign universities to open branches in the country.

Likewise, institutions in the UAE such as the Emirates Institute for Banking and Financial Studies have formed partnerships with top global universities and institutes. The goal is to upskill young Emiratis in digital literacy, data analytics, cybersecurity and blockchain.

In both of the GCC's leading economies, there is a shift from traditional education and liberal arts towards specific areas of need and likely growth: artificial intelligence, robotic sciences, nuclear energy, renewables, entrepreneurship and innovation.

The AI Effect

Artificial intelligence is both driving and enabling "recomposition" of the workforce in the Gulf.

The digitization initiatives at the heart of the Saudi and Emirati human capital strategies rely heavily on AI. The two governments are creating digital platforms, applications and mobile apps to make themselves more responsive to market demand for talent. They are using data to identify and fill skills and labor gaps; deploying AI for immigration document validation; improving cross-agency and inter-agency data sharing and visibility; using blockchain to improve security, validate identity, and reduce immigration fraud.

AI is streamlining recruitment of foreign workers. It helps with sourcing candidates, filtering resumes and cutting the amount of time that human beings must dedicate to recruiting. One example: the UAE Verify platform uses blockchain to help employers and government agencies authenticate government-issued digital documents, eliminating the need for hard copies.

Meanwhile, a report by the International Organization for Migration notes that AI, machine learning and other automation of routine work in GCC countries would have the greatest impact on third-country nationals. In the UAE, for instance, more than 93% of "automation potential" would likely affect jobs held by non-nationals. As a result, AI has the potential to radically alter the balance of the workforce, eliminating lower-skilled jobs held by foreign workers while helping employers meet nationalization targets.

Demand for talent will grow

To accelerate their economic diversification, UAE and Saudi Arabia both have set goals that will drive up demand for private-sector talent.

In the UAE, Dubai's D33 Agenda aims to double the size of the economy in the next decade, cement its status as a global business capital, establish itself as an innovation hub, and add 65,000 new jobs for Emiratis.

In Saudi Arabia, a new Regional Headquarters program requires multi-nationals to establish regional head offices in the Kingdom in return for 30-year waivers of corporate income and withholding taxes and the right to do business with government entities.

Global and regional competition for talent is growing, but the Gulf's two economic powers can both point to signs that their efforts are bearing fruit: Saudi Arabia improved its position as a preferred destination country in BCG's "Decoding Global Talent 2024" report. And among professionals under age 30, the UAE was the only MEA country to rank among the top 10 places they would work.

The Agility Emerging Markets Logistics Index Survey

Introduction

Between October and December 2024, Transport Intelligence surveyed +550 logistics industry professionals to gather their opinions on the prospects and challenges facing emerging markets in the year ahead.

It is clear that the sector is reacting to imminent challenges, while at the same recalibrating for a new era. It is a time of significant change, driven by the necessity for resilience and the imperative to build a sustainable, diversified future.

That context is shaping the year ahead. The global landscape is changing, and is being wrought by economic volatility and geopolitical tensions. Survey results show that is keenly felt, with over half of execs anticipating a recession as they grapple inflation, rising costs and supply chain disruptions. Many are justifiably concerned about growing protectionism and the impact of trade tariffs, and their knock-on effect on global trade as whole.

To adapt, resilience is being prioritised over efficiency. Growing numbers are changing their supply chain models through nearshoring, regionalisation and diversification into alternative regions. Emerging markets like South East Asia, India and Africa stand to benefit in that respect, although barriers to entry will have to be surpassed if growth opportunities there are to be realised. On the whole there is an acceleration toward regionalisation.

As with last year, a large proportion of businesses don't want to quit China but are mitigating trade tensions, rising costs and regulatory pressures by decoupling from it. To that end, India is gaining traction through infrastructure improvements and government initiatives, although corruption and bureaucracy remain problematic. In the GCC, the UAE and Saudi Arabia are leading diversification efforts through significant investments in labour force and infrastructure, making them an attractive proposition too.

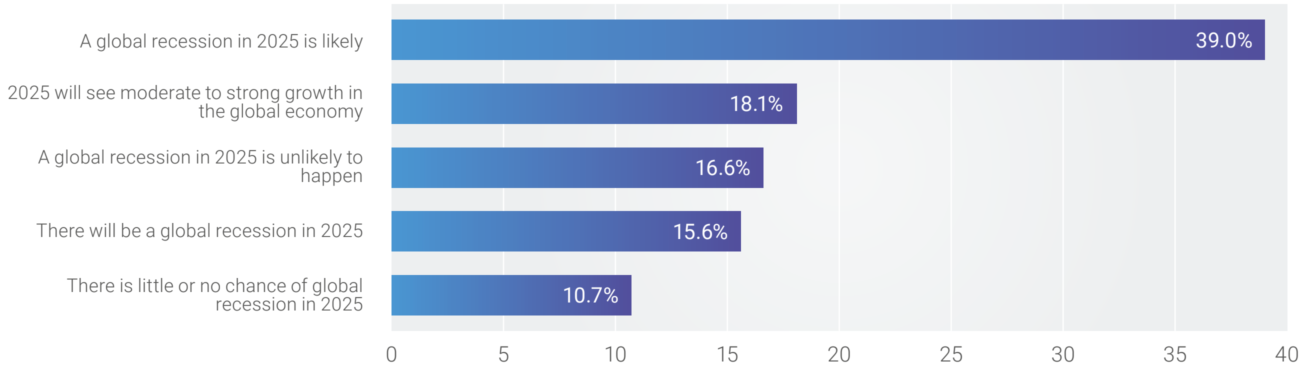
Sustainability of course remains a global imperative. The survey indicates that while firms are pursuing immediate results through energy efficiency and waste reduction, cost pressures are hindering long-term investments. To that end initiatives like fleet electrification and green infrastructure may return to the agenda when cost pressures ease.

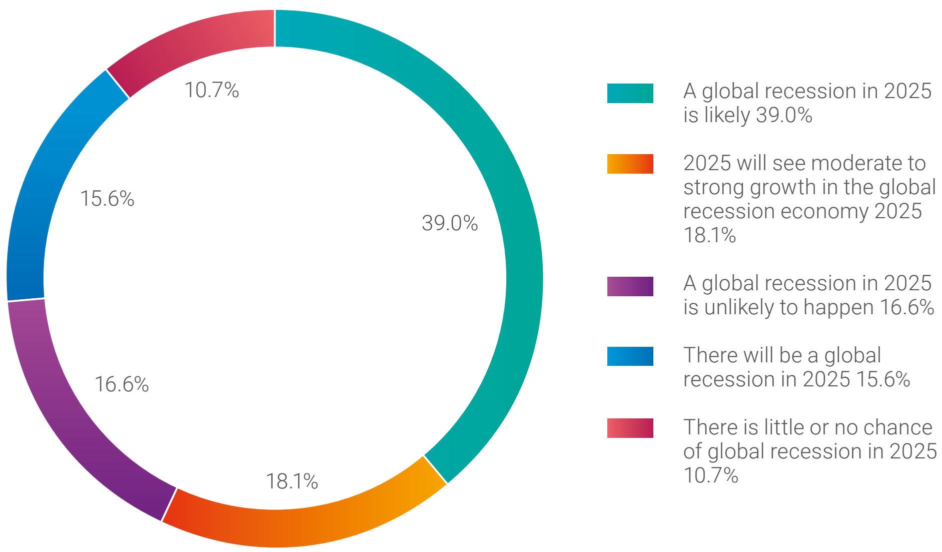
Elsewhere, ecommerce continues to expand in developing markets, driving innovation and investment in last-mile delivery and digital tools. Indeed, the survey indicates that developing markets are hotspots for logistics firms as they look to capitalise on the sizeable opportunities ahead.

Overall, the responses reflect a measured caution across the industry. That is indicative of the uncertainty they face, balancing risks with opportunities, and prioritising resilience and diversification while adapting to significant and pressing challenges.

Global economic prospects

Which of the following statements most closely matches your opinion on global economic prospects for 2025?





To measure logistics executives' sentiment on the state of the global economy, respondents were asked whether they expect a global recession in 2025.

The responses paint the picture of an industry still battling with uncertainty, and one which is more pessimistic overall compared to 2024. Combined, the results show that more than half of respondents (54.6%) expect a recession in 2025, an increase of 5% on the previous year. Fewer also anticipate growth in the global economy over the same period.

The outlook reflects a turbulent year in geopolitics which has seen existing tensions rise, upheaval in major economies and continued uncertainty over global supply routes. The IMF expects growth to remain underwhelming, predicting that World Output for 2025 will be 3.2%, the same as it was in 2024. The same too is the case for Advanced and Emerging Economies.

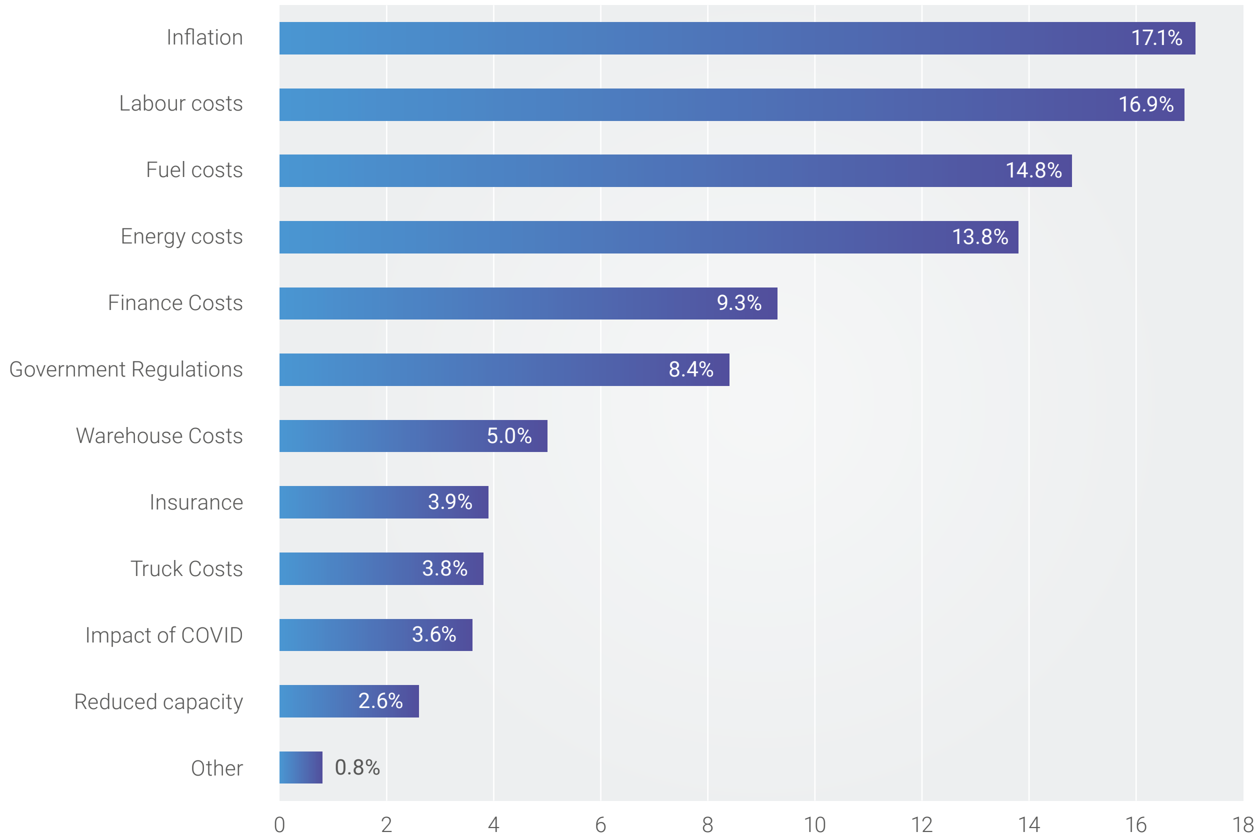
While those figures don't indicate an impending global recession, they nod toward several risks that could impact economic performance risks that are undoubtedly on the minds of logistics execs.

The conflict in Ukraine and the Middle East, persistent inflation and market volatility highlight the fragile balance between inflation, debt and growth. In that context, advanced economies must stabilise fiscal policy. The U.S. faces high deficits and rising public debt, with tightening potentially curbing investment, while the Euro Area struggles with fiscal challenges and structural reform. Meanwhile, China's property sector slowdown has the potential to threaten global trade.

Against that backdrop emerging markets face currency depreciation, rising debt costs and vulnerability to commodity price fluctuations. Debt servicing burdens limit fiscal flexibility, while social tensions could delay reforms. To that end, it will take co-ordinated efforts to manage these risks and as such the potential for recession in 2025 remains high, especially in vulnerable economies.

Logistics costs

What are the 3 main cost drivers in your logistics operations?



The global economic and geopolitical landscape continues to exert pressure on logistics cost drivers, with inflation remaining the dominant factor. This is down in part to mainly rising interest rates from central banks, and supply chain bottlenecks caused by conflicts.

Labour costs are similarly elevated. The global workforce shortages, particularly in trucking and warehousing, dovetailed with the wage growth to address recruitment and retention, resulting in greater outlay on labour as a whole.

Fuel costs, meanwhile, continue to be influenced by fluctuating oil prices, which is the result of the conflict in the Middle East and the ongoing Ukraine-Russia war. Energy costs are also on the rise, and are mainly impacted by the global transition toward renewable energy and rising electricity prices.

On that front, stricter environmental regulations, such as carbon pricing initiatives and emissions limits, are adding to operational burdens, and contributing to the government regulation costs that providers face.

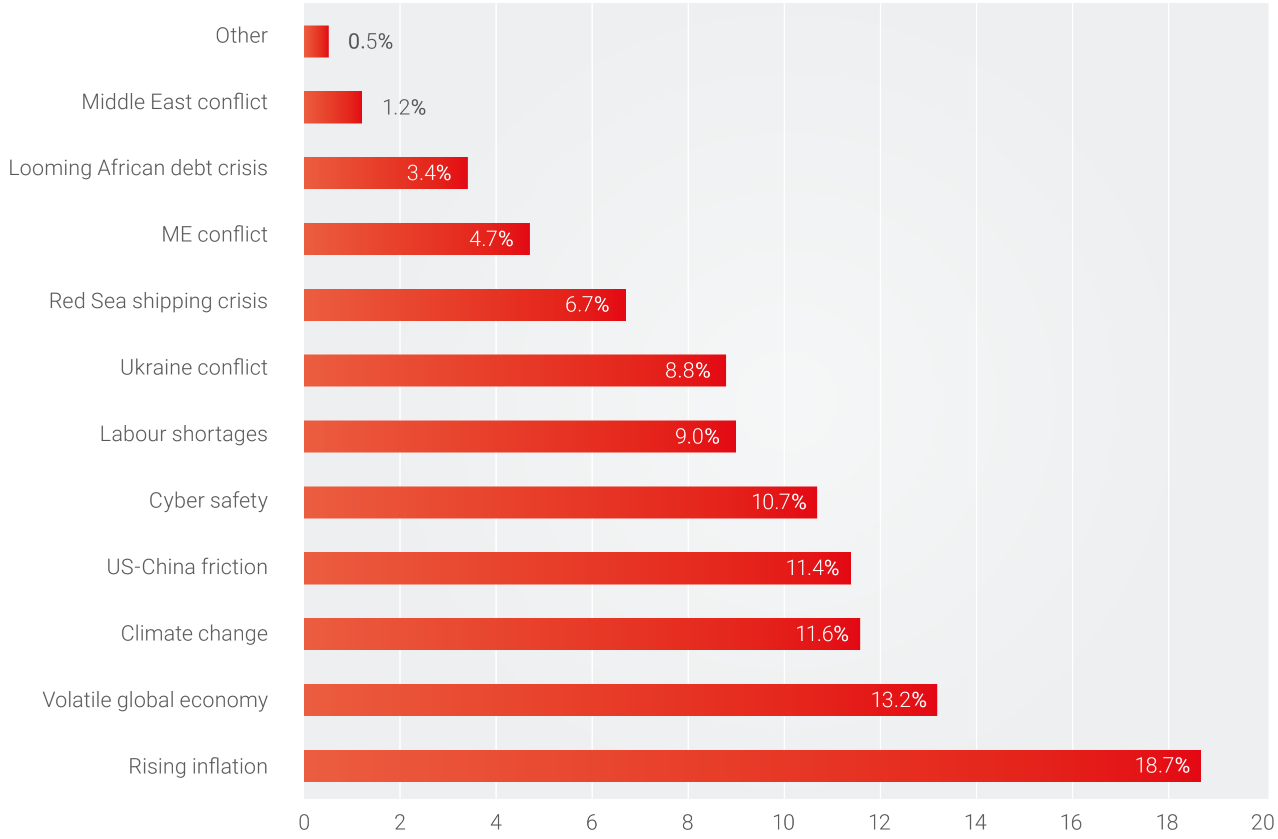
Of the other significant drivers, rising warehouse costs are more than likely down to the expansion of ecommerce and the urbanisation of last-mile fulfilment, both of which will continue to grow in the next year.

Logistics costs will remain high over the next 12 months. Though inflation appears to be stabilising it will likely remain elevated, while labour shortages and geopolitical uncertainty will persist, resulting in the need to find work-arounds.

Of those, the former will likely drive more investment in tech, which will increase costs against the promise of improving long-term efficiency. Some of that cost will fall under the purview of green tech and eco-friendly infrastructure as sustainability mandates force the hand of logistics providers.

Geopolitics is harder to account for. Further disruptions are inevitable, meaning that supply chain diversification is necessary. We can expect a rise in nearshoring and decoupling, while companies may adjust inventory models and alter routes to mitigate risks. This will increase warehousing and transport costs in the short term.

Risks to growth



Almost a third of respondents think that economic factors are their biggest risk to growth in 2025, with inflation and a volatile global economy chief among their concerns. Anxieties persist around supply chain disruption from geopolitical and environmental events, while the concern for cyber safety underscores the industry's growing awareness of technological vulnerabilities.

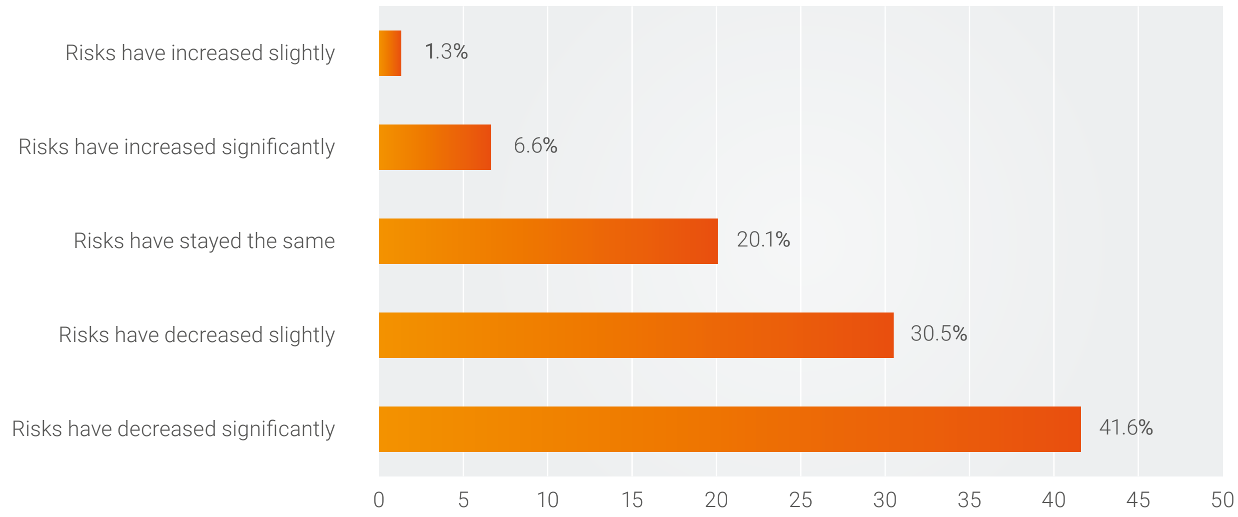
The results indicate that businesses remain cautious and ready for disruption. The industry is clearly anticipating significant challenges that could impact growth in 2025. It also recognises the need for innovation and resilience, particularly from technological and climate-related risk factors. There is, on the whole, a pragmatic acknowledgement of complex, intersecting risks that require proactive management.

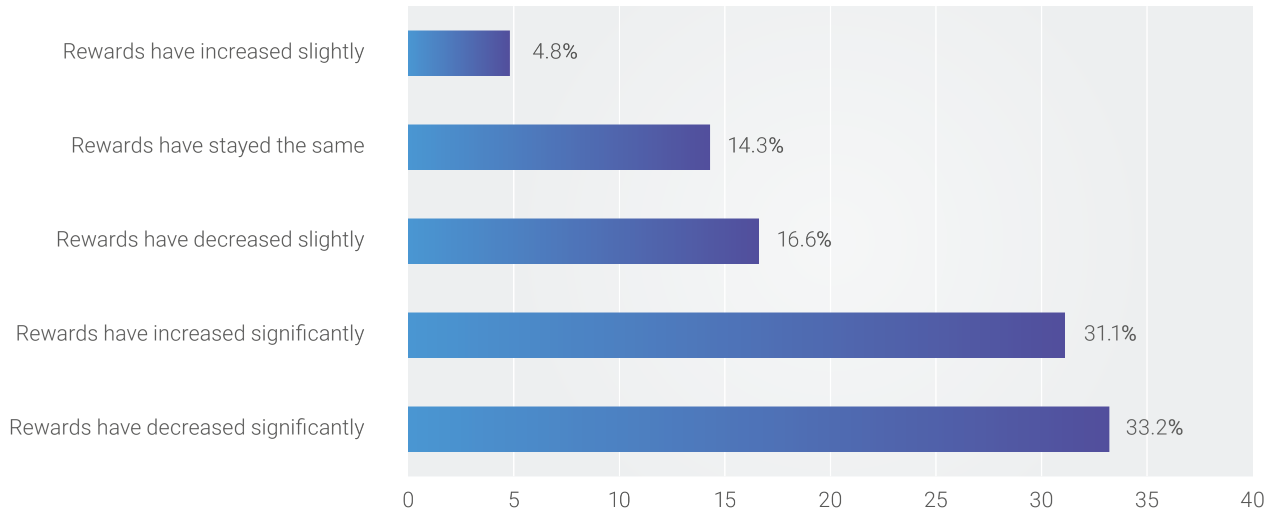
Although the IMF expects global headline inflation to decline in 2025, the effects of high inflation experienced in 2024 will persist, albeit with a gradual easing. That could have mixed impacts on the logistics sector. Those that adapt to the short-term conditions will emerge stronger in the medium to long-term, especially with the global demand for e-commerce and efficient last-mile delivery growing as consumers double down on online shopping.

Throughout 2025, geopolitical threats remain the most likely risk factors to impact growth. The imposition of US trade tariffs on key trade partners in particular will have serious repercussions across the global economy. If they materialise they will cause a cascade of problems for the logistics sector, pushing up operational costs, creating delays and destabilising global demand as consumers and companies adjust to higher prices. On the whole, the shift in trade dynamics will impact the predictability of operations for carriers and LSPs and severely hamper growth.

Risks in emerging markets

Thinking of your company's investments in emerging markets, how has the risk/reward ratio changed over the past 12 months?





Overall sentiment about investments in emerging markets is nuanced, suggesting that while there is some optimism for potential rewards, there is still significant concern over risks. The latter outweighs the former, which indicates the level of caution that's pervasive across the industry as a whole.

The decision to invest in emerging markets is complex. More than 70% perceive a risk, while more than half see increased rewards, indicating that the industry is experiencing a period of balancing new opportunities with greater risk exposure. This is reflective of global economic instability, changing regulations and other uncertainties in emerging markets.

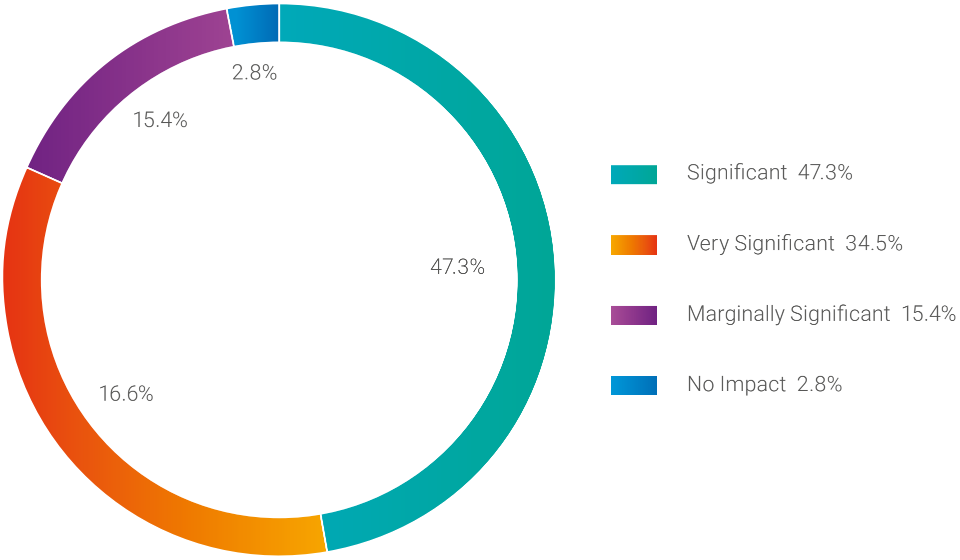
The cautious outlook is, however, understandable. The interaction between economic and political factors in advanced nations and emerging markets has led to a complex environment. Throughout 2025, emerging markets are likely to experience a ripple from trade tensions, sustained pressure for supply chain regionalisation and demands for green compliance.

Monetary policies in advanced economies may stabilise, reducing financial pressure slightly, while nearshoring trends for markets like Mexico and South East Asia will boost opportunities in those markets. Elsewhere, the focus on ESG standards will increase compliance costs but also create rewards for adaptable markets.

On the whole, the logistics market should experience moderately improved reward prospects alongside elevated risks, requiring a balanced approach to capitalise on emerging opportunities.

Trade Protectionism

Please state the impact of trade protectionism & tariffs on your supply chain...



More than 80% of respondents consider the impact of tariffs on their supply chain to be either significant or very significant, showing that these measures are having a notable negative impact on global supply.

Generally speaking, the industry views tariffs and protectionist measures as obstacles to efficient operations, leading to increased uncertainty, delays and added costs. The sentiments from the survey reflect concerns about restricted market access and the overall challenges in navigating a more fragmented global trade landscape.

The situation is unlikely to improve in 2025. The continuation and expansion of U.S. tariffs is highly likely, with President-elect Donald Trump announcing in November that China, Mexico and Canada can expect new tariffs from January 2025. Further afield the EUs CBAM, India's restrictions on rice and sugar, and South America's export tax on lithium have contributed to a complex landscape that explains the overall sentiment.

Throughout the next 12 months, the expansion of tariffs and protectionist policies is likely to exacerbate trade tensions further. Companies dependent on Chinese manufacturers, for example, will face higher costs and could accelerate the trend toward regionalised supply chains. In this instance, smaller firms may struggle to adapt to these disruptions, leading to consolidation.

Agility's Take

Is Resilience Making Us Any Safer?

The much-maligned era of globalization had its heyday from 1995 to 2015 or so. Back then, poorer countries grew at a faster clip than rich ones. The number of people in extreme poverty plunged. Important social indicators – from infant mortality to school enrollment – began to point up among disadvantaged populations across the developing world.

Today, *The Economist* says, "those miracles are a faint memory."

The loss of momentum for many emerging markets economies coincides with deep skepticism – among developed and developing countries alike – about the ability of free trade and free markets to lift all boats.

Trade liberalization was undergoing a reappraisal well before the 2020 COVID outbreak, but the pandemic and its aftermath triggered a hard reset in the machinery of global trade that is still underway.

That reset is evident in a wave of protectionism and intervention. Since 2020, the number of harmful trade measures has outnumbered liberalizing measures by five to one, according to Global Trade Alert. The world's three largest traders – the U.S., China and the EU – are forging industrial policies intended to secure supplies of the minerals, chips and other materials needed to "win" the clean-energy transition and lock down strategic advantage in the race to harness AI. Emerging markets have joined the fray by adopting their own trade restrictions and reviving state-led solutions that were discarded or discredited years ago.

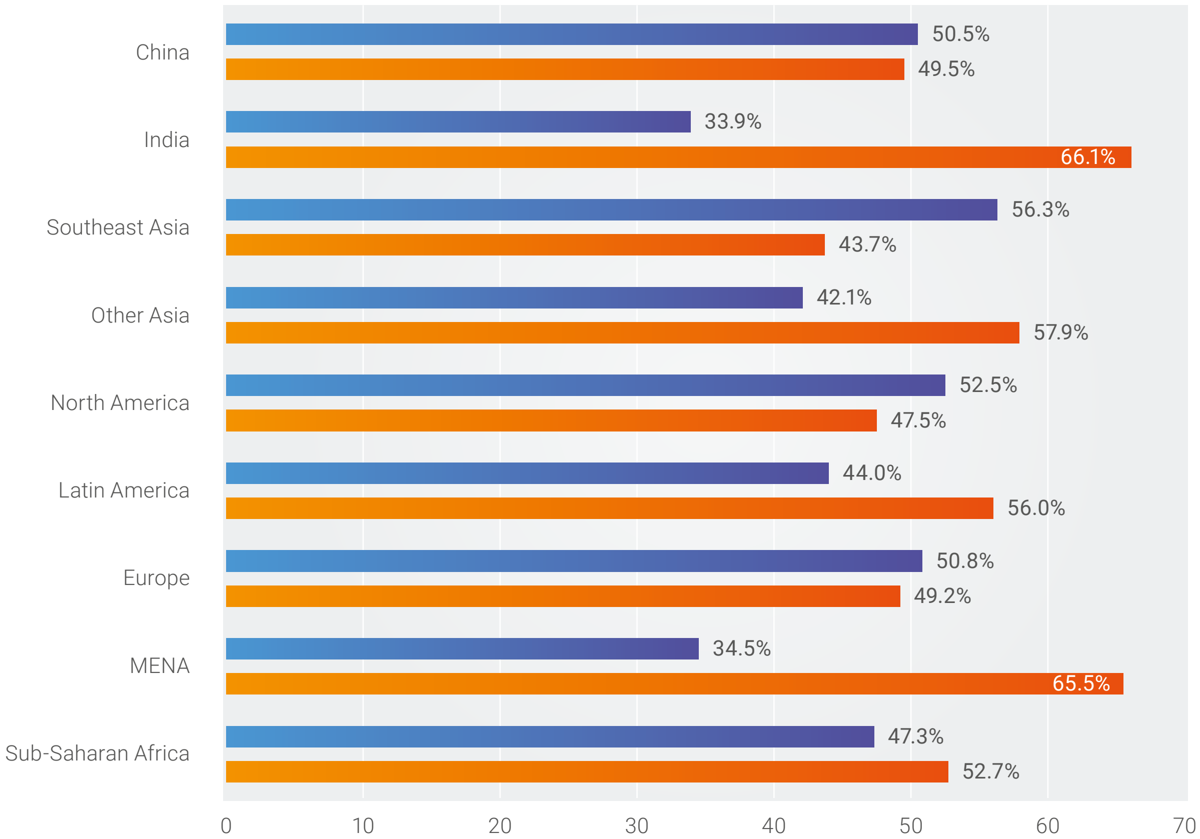
Nearly 82% of the logistics professionals we surveyed for this Index said trade protectionism and tariffs were having a Significant or Very Significant impact on their supply chains. Less than 3% said protectionism was not affecting their supply chains.

The COVID pandemic sent countries and companies alike in search of resilience. One of the most notable features of the pursuit for resilience is the trend of reshoring – the nearshoring, friend-shoring, home-shoring or other-shoring of manufacturing – that has contributed to the regional clustering of production outside of China.

The danger is that the search for resilience becomes something else entirely. That we are left with an unwieldy patchwork of trade blocs and transactional alliances, a world where friction increasingly impedes the movement of goods, capital and people and where trade is weaponized.

It's time to ask: are we making the world any more peaceful or prosperous?

Do you plan to move production/sourcing activities TO or FROM any of the following regions?



The data here looks at the total inflows and outflows of investment into each region according to the survey, and provides a net score for each based on those totals.

From those scores it is clear that the global supply chain is recalibrating, with businesses moving production and sourcing priorities to balance cost with resilience and risk. There are clear winners and obvious losers.

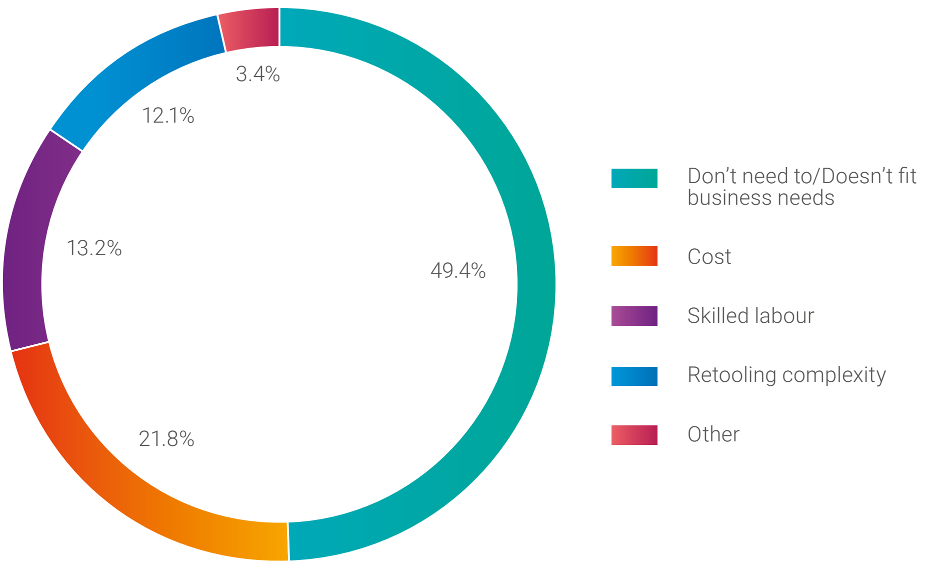
North America (+12.9) is the top destination, and is most certainly benefitting from reshoring trends driven by proximity to end markets, strong infrastructure, and supply chain resilience needs. Sub-Saharan Africa (+9.9%) is also gaining traction as a hotspot because of its low costs, abundant resources, and improving infrastructure. There's also a growing and untapped ecommerce market.

Elsewhere, Southeast Asia (+4.9%) remains a steady and cost-effective alternative to China, while Latin America (+2.7%) continues to rise as a nearshoring hub for North America and Europe. The latter of those remains stable (+0.4%), with balanced flows reflecting its role in high-value operations, despite some cost-sensitive relocations.

By contrast, some traditional hubs are facing challenges. India (-31%) had the largest net outflow, driven by rising costs, regulatory hurdles, and infrastructure issues. The decline seems more acute than chronic, as projections for investment over the decade remain high. MENA (-4.7%) also saw a net outflow, reflecting geopolitical risks and the fact that it doesn't compete effectively with other production hubs. China's (-2.7%) slight loss suggests businesses will continue to decouple from it, albeit on a small scale. It remains a key global hub.

Overall, the data shows an industry that is intent on diversification and adaptation. Emerging regions like Sub-Saharan African and Latin America are capitalising on their untapped potential, while conventional hotspots such as North America and Europe maintain stability. On the whole, the global supply is rebalancing, with some clear winners and losers emerging.

What is the MAIN reason for not wanting to move production/sourcing activities?



The overriding market sentiment speaks to a need for stability and certainty in a global trade network which has experienced the opposite in recent years. Nearly half of respondents (49.4%) said the main reason for not wanting to move production/sourcing activities was because they didn't need to or that it didn't meet business need.

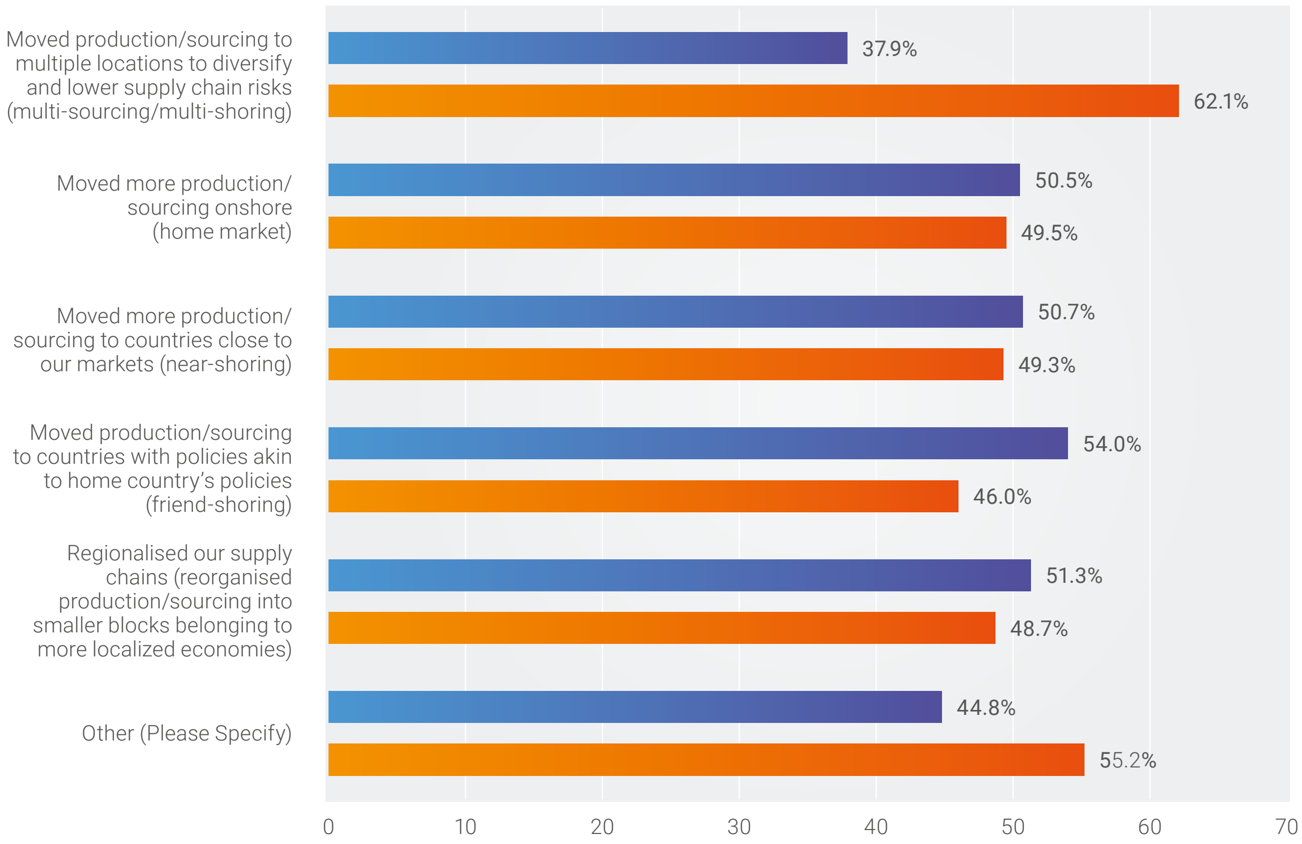
This indicates confidence in their current setup and suggests that existing operations are optimised for current market conditions. This is undoubtedly down to measures that have been put in place to deal with the slew of disruptions post-pandemic, and a clear sign that logistics professionals are prioritising predictability and reliability over cost-cutting or wholesale relocations.

This tallies with the 21.8% of respondents who said that cost was a deterrent for moving sourcing and production, with the expense of doing so outweighing any perceived benefit - especially in a competitive market where margins are tight.

The absence of skilled labour (13.2%) remains a constant problem. Global skilled labour shortages are making it harder and more expensive to train or hire workers in new locations, while economic and inflationary pressures make relocation less financially appealing. In that context, investments in technology are arguably more appealing because they circumvent the labour shortages and offer a tangible ROI.

On the whole, businesses are playing it safe, navigating inflationary pressure, conflict and supply chain complexity, while strategically preparing for the future without jeopardising current operations.

Have you undertaken any of the following supply chain restructuring activities over the past 5 years and if yes, are you planning to pursue your restructuring strategy over the next 5 years?



The responses show the ongoing restructuring within the industry, with the majority having implemented multi-shoring (62.1%). The fairly even spread among onshoring (49.5%), friendshoring (46%) and regionalisation (48.7%) strategies that have happened or are planned reflects the wider shift towards diversification and the desire to create resilience by de-coupling from single-market strategies.

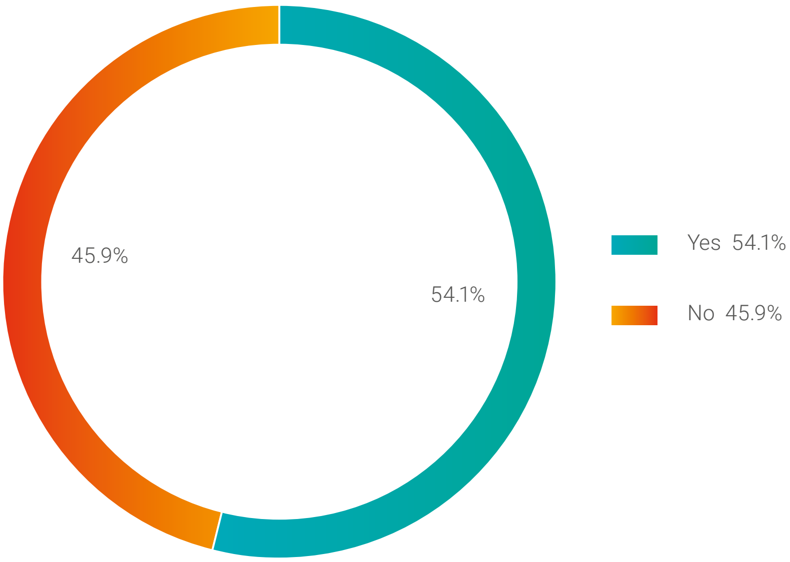
Disruptions have laid bare the vulnerabilities of an interconnected global marketplace, and as such there's a notable shift from cost optimisation to risk management and flexibility in the supply chain.

Resilience is the major priority for every organisation. What that looks like depends on a mix of risk, cost structures, end user, tech capabilities and long-term growth objectives. For instance, in 2023, 44% of EU companies importing from China said that logistics and transport disruptions prompted a shift towards localised supply, compared to 22% for intra-EU imports.

On the whole, there's a paradigm shift. The near parity between actions undertaken and plans to pursue indicate a long-term focus on resilience. Businesses are learning from past disruptions and pre-emptively preparing for future challenges. As such they're prioritising resilience over efficiency, investing in adaptable, localised and secure supply chain strategies that are necessary to thrive in an unpredictable environment.

Investments in China

Do you intend to move any of your production/sourcing out of China in the next five years?



The gradual de-coupling with China continues. Last year, 37.4% of respondents said that they planned to move production/sourcing out of China, or at the least reduce investment in the next five years. This year that's risen to over half, with 54.1% saying that they intend to move at least part of their production out of China by 2030.

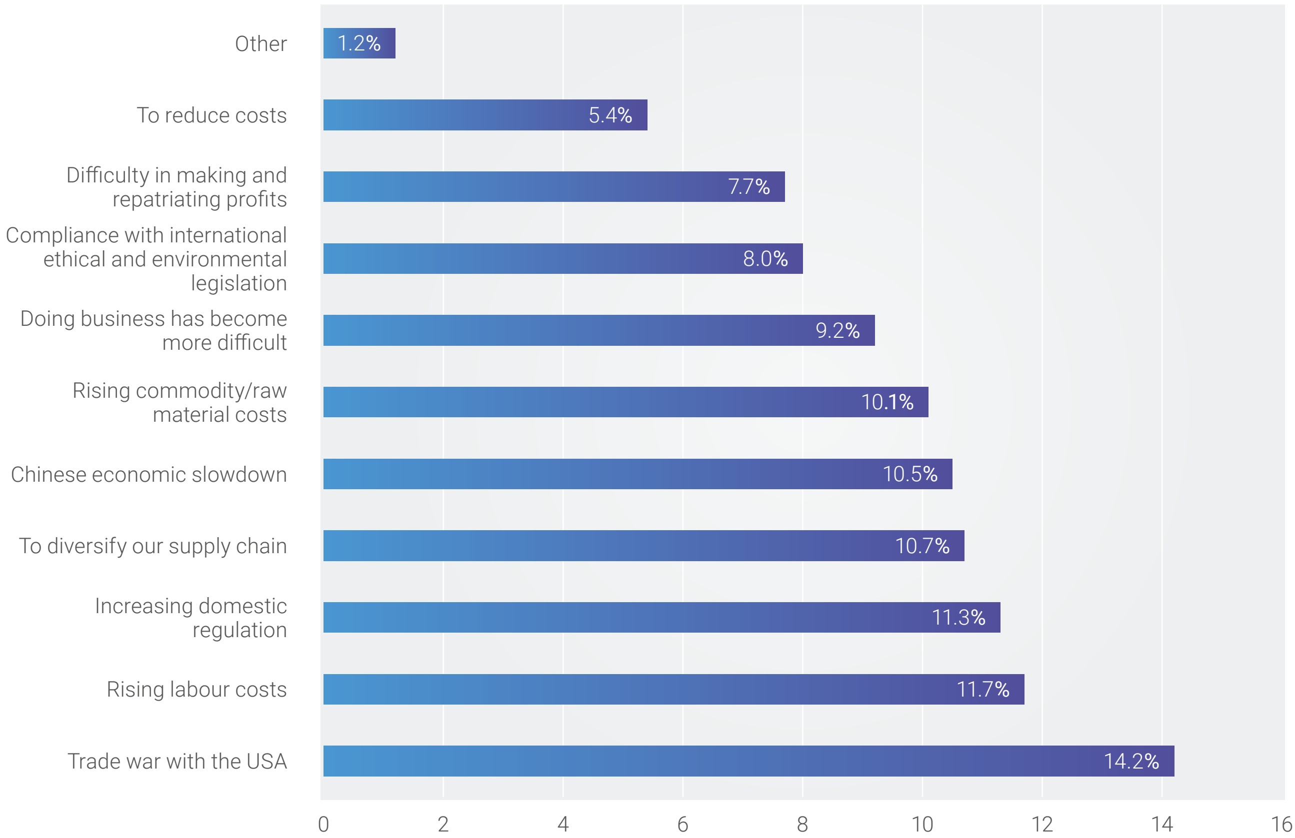
As with last year, the results show that a large proportion of businesses don't want to leave the Chinese market entirely – 41.6% said they intended to stay in 2023, while 45.9% intend to stay in 2024.

In truth, this is not about abandoning China entirely, but reflects a strategic realignment. China is still a dominant force because of its infrastructure and scale of production. All the same, companies don't want all their eggs in one basket, and are instead hedging their bets by diversifying production, creating robust and multi-location supply chains.

This is about balancing risk and reward in an era of volatility, cost pressure and rapid change in tech and global markets. The trade tensions between China and the U.S. aren't going anywhere either, and neither is a pressing sustainability mandate for which Chinese companies are currently seen as less than desirable. Concerns over its aging workforce, rising costs, and the emergence of viable alternatives also make China less appealing than it once was.

Despite that, it will of course remain entrenched in global supply. It's scale, expertise and infrastructure is difficult to replicate elsewhere. It is therefore likely that we will continue to see more diversification, with companies maintaining access to China for its efficiency, and moving to other regions for resilience.

Why have you decided to move production/sourcing out of China / reduce investments in China?



Year-on-year the ongoing trade war between the US and China is a decisive factor for companies choosing not to invest, source or produce in China. The industry's position remains largely unchanged, with a slight increase to 14.2% in 2024 from 13.3% last year.

The prolonged tension is still marked by tariffs and trade restrictions, both of which have pushed up costs for companies that are reliant on Chinese manufacturing. The imminent imposition of new tariffs will do little to quell the situation.

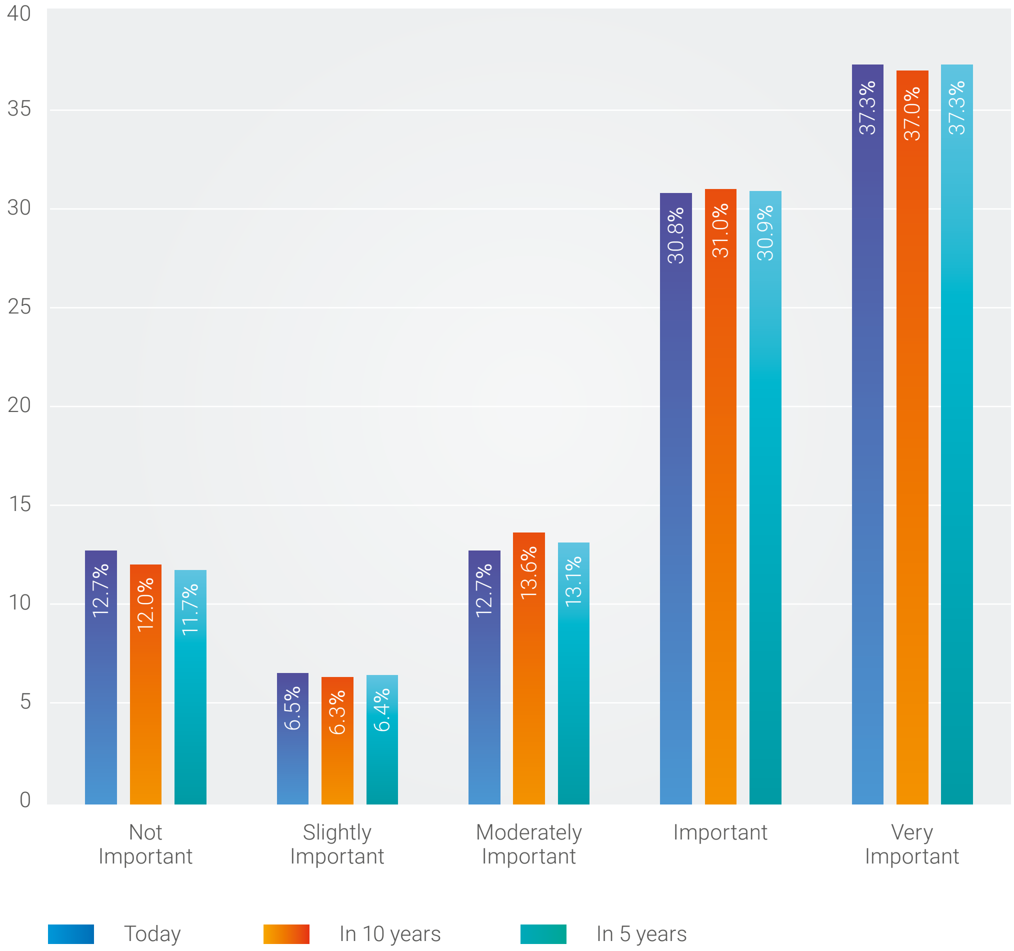
Elsewhere, 11.7% of the survey said that rising labour costs were a factor, while 11.3% said increasing domestic regulation was a factor too. Both saw a jump of around 3% on 2023 figures. The former is an ongoing problem because its economic growth has resulted in higher wages for its workers, a situation exacerbated by an aging population and shrinking workforce.

Regulation meanwhile has seen a crackdown on environmental factors and business practices, with a strong focus on the supply chain in response to international criticism. The net result is operational disruption and increased cost, intertwined with pressures to adapt to a more complex and regulated operating environment.

Generally speaking, the overall trends reflect a broader transformation of China's economy. As it transitions from low-cost manufacturing to a more sustainable and better regulated economy, businesses are feeling the pinch.

Combined with heightened global scrutiny, many companies see this as a tipping point, prompting them to diversify or relocate their operations to regions offering cost savings, less-stringent, and geopolitical stability.

How important is CHINA to your investment strategy?



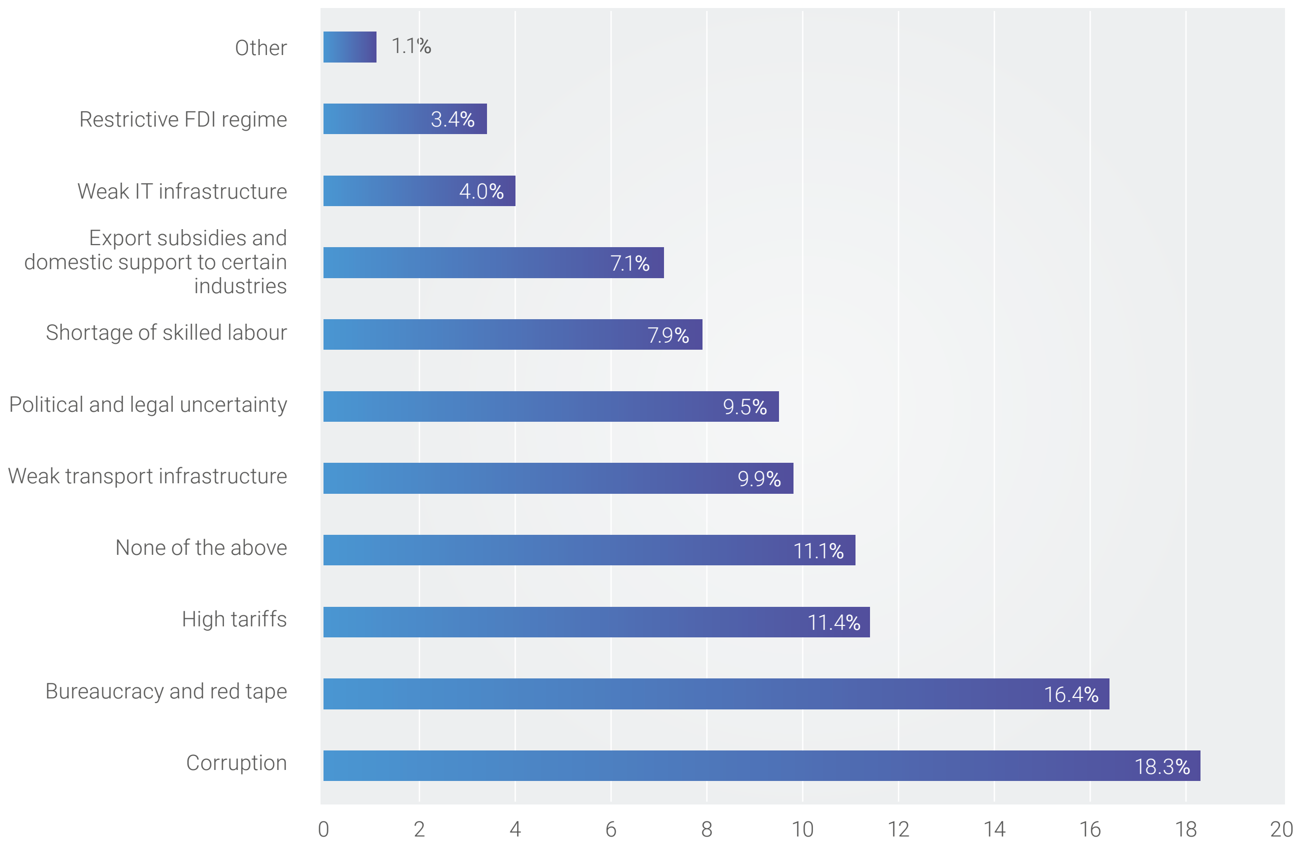
The perception of China's importance remains stable over time, with a large majority (over 67%) consistently rating it as either Very Important or Important across all three timeframes. It's a mix of dependence, opportunity, and cautious adaptation to evolving global dynamics.

The survey responses show just how important China remains, but also underscore the pragmatism in the logistics industry. China's role is undoubtedly changing, but right now it remains central to operations. Investment strategies reflect that, while at the same time accommodating a shift in the global landscape.

Leveraging China's strength while planning for a diversified future is the name of the game. And while that's not an especially new phenomenon, the results indicate that its accelerating. As global logistics evolves, businesses are moving cautiously but deliberately to ensure they remain competitive in an increasingly complex and uncertain landscape.

Investing in India

What do you consider to be the BIGGEST investment barrier in India?



Investment barriers in India remain a melting pot of factors, with no single reason standing out enough to suggest it is decisive. It was the same case in 2023, a scenario that indicates that while India remains an attractive proposition there are still challenges and risks that need to be addressed.

Survey respondents are clear that corruption (18.3%) is a barrier to investment, an increase of 3% year-on-year, and enough to suggest the problem is chronic rather than acute. How that is tackled remains to be seen. India's is a vast and sprawling economy, and despite government efforts to introduce transparency, corruption continues to drive up cost and erode trust in its businesses.

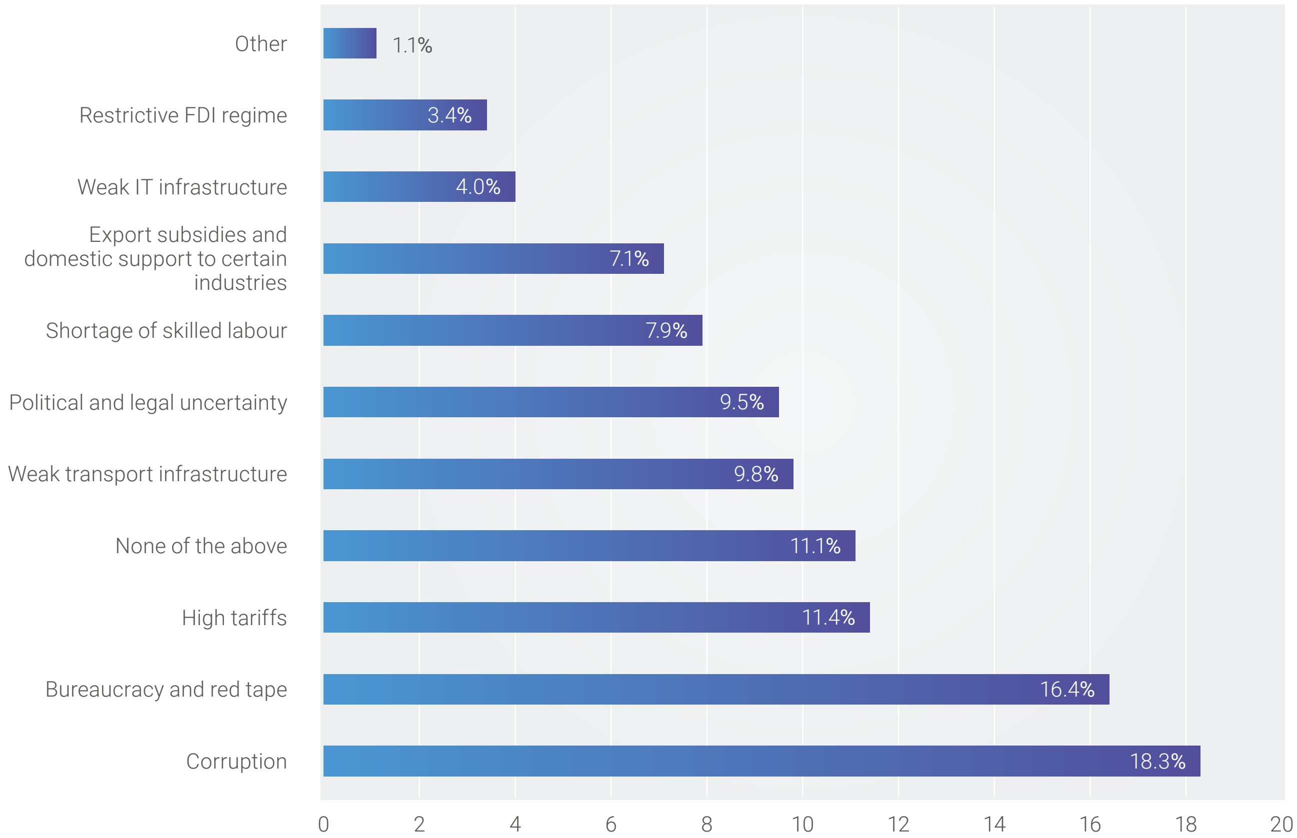
That particular issue is dovetailed by growing red tape and bureaucracy, some of which has been put in place to deal with the corruption. That was a problem for 16.4% of the survey, many of whom will likely have experienced the complex regulatory procedures and lengthy approval processes that hinder efficient business operations.

That in turn has made investment in infrastructure difficult, with, for example, land acquisition for warehousing often complicated and time-consuming, involving multiple owners and complex transfer procedures.

Despite that there has been a marked shift in sentiment over India's infrastructure. In 2023, 21.4% said it was the biggest barrier to investment in India –and the main reason they wouldn't. This year that has dropped to 9.8%, the biggest drop of any factor. That's down in part to the investment the Indian government has made in infrastructure, which total ₹11.11 trillion for the fiscal year ending March 2025.

Although the government is making strides in infrastructure spending and regulatory reforms, the issues as a whole highlight systemic challenges in attracting investment to the sector. These have to be addressed through streamlined policies, improved transparency, and further infrastructure development if the government is to foster growth and competitiveness in India's logistics industry.

How important is India to your investment strategy?



The data indicates a growing confidence in India over time, with sentiment strengthening as we look to 10 years from now. The data highlights a consistent increase in India's perceived importance to investment strategies, with a steady rise in "Moderately Important" and "Very Important" responses over time.

That is down to several factors, most notably infrastructure improvements, government initiatives and economic growth. Of those factors, the government's aggressive pursuit of improvements in logistics infrastructure through the National Logistics and dedicated freight corridors are improving connectivity and reducing logistics costs.

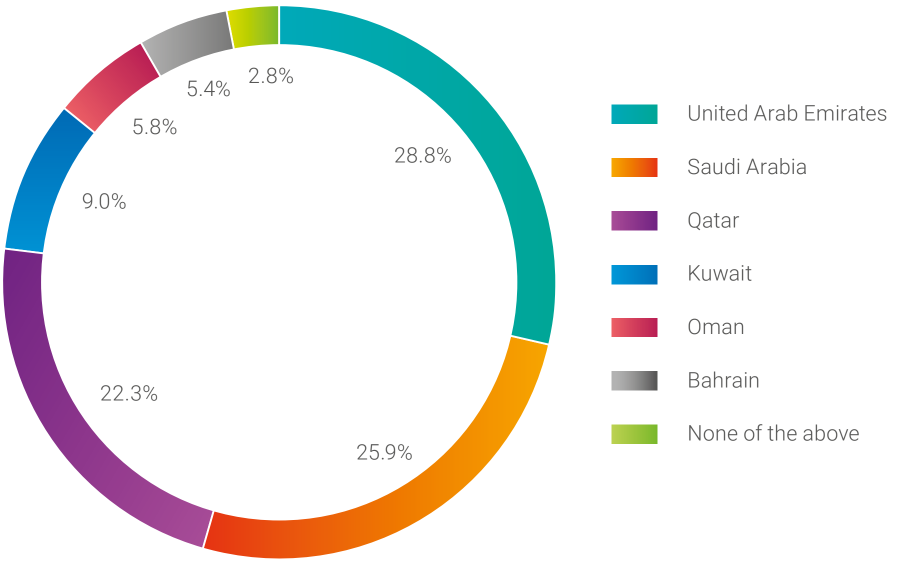
The rapid growth of e-commerce and urbanisation of the country is also a decisive factor, prompting the likes of Amazon and Flipkart to expand operations there. And with global companies diversifying away from China, India's attractiveness as a logistics hub has increased. Its geographic location, connecting key trade routes, and its large consumer base have also solidified its role in global supply chains.

While optimism prevails, challenges remain. The aforementioned bureaucratic hurdles, land acquisition complexities, and gaps in last-mile connectivity present barriers. However, increasing digitalisation, the adoption of sustainable practices, and a focus on supply chain resilience are addressing these issues.

This is essentially a story of transformation. In the next 5 to 10 years, continued progress in infrastructure and policy could position India as a global logistics leader, making it an indispensable part of international trade and investment strategies.

Investments in GCC

In your opinion, which of the following GCC countries have seen most progress in diversifying their economies over the past decade?



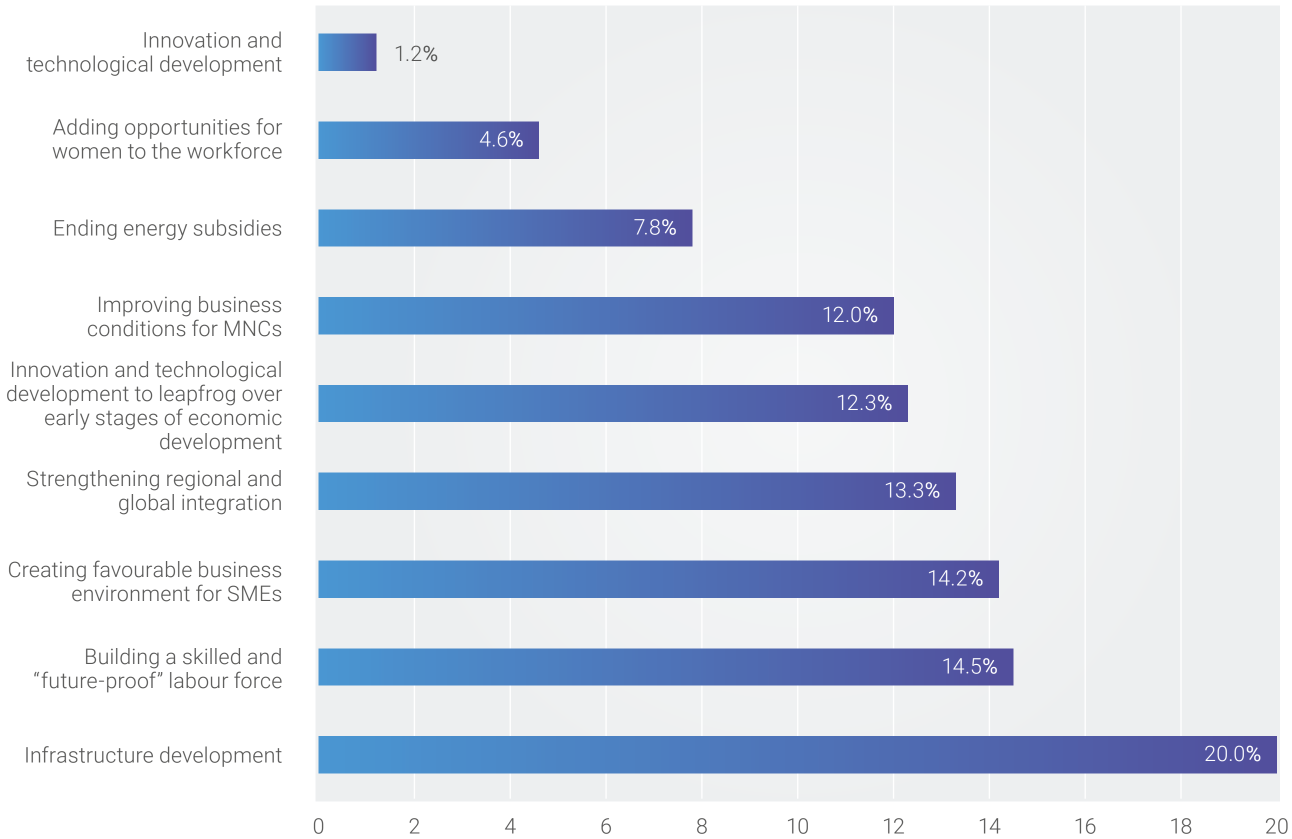
The GCC economies have historically been driven by oil, leaving them exposed to price volatility; however the imperative to reduce reliance on oil revenues and build resilience has led to more diversified economies.

The UAE and Saudia Arabia foresaw this, positioning themselves as leaders in adapting their economies - hence their relatively strong progress in the eyes of the survey respondents. The UAE has transformed itself into a global hub for trade, tourism, finance and tech, with non-oil sectors now contributing 80% of its GDP. Saudi Arabia, meanwhile, has aggressively pursued diversification through its Vision 2030 initiative, investing in sectors such as tourism, entertainment, and manufacturing.

Elsewhere, Qatar's focus on sports and tourism earns recognition, while countries like Kuwait, Oman, and Bahrain are perceived to lag due to smaller-scale efforts. This is likely down to geopolitical tensions testing the resilience of these economies, highlighting disparities in strategy and execution.

Overall, the data underscores a divide in progress, with the industry sceptical about the depth of diversification across the region as a whole.

What are the THREE most important key drivers of economic diversification in the Gulf countries? Please rank in order of importance



The results reflect the Gulf countries' urgent focus on tangible, immediate economic enablers -like infrastructure and workforce development - while gradually integrating longer-term strategies into their diversification efforts. As mentioned above, decreasing their reliance oil is the driving force for Gul nations, which goes some way to explaining the emphasis on key pillars for non-oil sectors.

Within that context there's a pressing need to build diversified economies while addressing global and regional challenges. The survey results suggest a pragmatic approach is most appealing, with a focus on foundational changes that lead to long-term success.

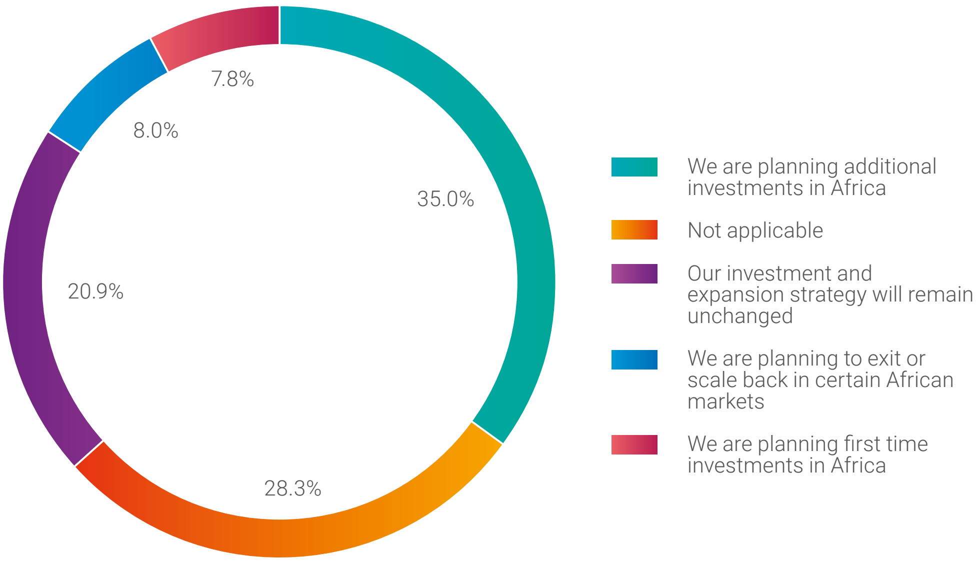
The desire for infrastructure development (20%) highlights the critical need for robust trade networks, logistics hubs, and modern urban frameworks to support economic diversification. The future-proofing of the workforce (14.5%) shows the need to equip local talent pools with the skills to deliver in a digital and globalised economy.

Elsewhere, the focus on empowering SMEs (14.2%) and fostering regional and global integration (13.3%) demonstrates the need to foster private sector growth and solidify the region's role in the global market place.

Innovation (12.3%), meanwhile is less of a priority as Gulf states look to address structural gaps before pressing ahead with cutting-edge advances. On the whole, the emphasis on tangible enablers over aspirational goals shows the region's commitment to securing a stable, diversified future in a rapidly changing global landscape.

Investing in Africa

How would you describe your company's investment and expansion strategy in Africa for 2025?



The data reveals a dynamic and evolving relationship between the logistics sector and Africa's market potential. It is seen as a land of opportunity and challenges for the logistics companies, with the data indicating a divided outlook among them, driven by potential, operational hurdles and strategic priorities.

That split show one group that are optimistic about Africa's potential and are doubling down, making a part of their long-term strategy. This approach is not without merit. Africa's growth, urbanisation and infrastructure development dovetail with freer trade through the African Continental Free Trade Area (AfCFTA), bringing with it new logistics opportunities. There's also rising demand for ecommerce and regional trade, both of which require enhanced infrastructure.

Despite that, more than 49% of respondents see Africa as either irrelevant to their plans, or are sticking with existing strategies. There are legitimate concerns over political stability in parts of Africa, while regulatory complexity and underdeveloped infrastructure do make investments less appealing. Global economic uncertainty and rising costs, therefore, may have shifted respondents' focus to more mature markets that aren't as risky.

Broadly speaking, Africa is a compelling but challenging opportunity. The data tells us that the majority of companies (35% expanding, 7.8% entering) see its potential, while caution is almost lingering. It's likely therefore, that success there will depend on selecting the right markets, understanding regional nuances, and managing risks effectively.

Agility's Take

Where Africa is Heading

Africa's 2025 will be influenced by four key factors: demographic trends, economic diversification, investment in infrastructure, and technology adoption. The Continent is making significant progress with numerous opportunities due to its rapidly growing economies, youthful population, agricultural potential and rich natural resources. It is maturing and experiencing an increase in foreign direct investment, enhanced infrastructure development, and a burgeoning consumer market.

Implementation of the African Continental Free Trade Area (AfCFTA) is creating the world's largest single market, promoting regional integration and trade. Associated initiatives such as the AfCFTA Digital Trade Protocol are improving trade efficiency and transparency, making Africa an attractive destination for global investors.

The demographics of Africa make it a world leading investment opportunity with 1.4 billion people today, rising to 2.5 by 2050, and thereafter to over 4 billion (UNFPA). Africans will eventually become nearly 50% of the global population.

With a burgeoning middle class and an average age of only 20, the market is a stark contrast to the stagnating and declining populations in much of the developed world. This demographic trend will present both immense opportunities, such as a larger workforce and consumer base, and significant challenges, including the need for expanded infrastructure, jobs, healthcare, and education systems.

Urbanization, forecast to reach 50%+, will result in an increasing number of African megacities with populations of over 10 million. These will require effective governance and planning. Addressing these challenges while leveraging the demographic dividend will be critical for the Continent's future growth and development.

GDP forecasts for Africa in 2025 show a positive trajectory of 4.3% as an average for the Continent. However, each country has different prospects, and all 54 countries cannot be classified as one contextual 'Africa'. Angola is very different from Ethiopia, and Mozambique very different from Cote D'Ivoire. The two largest economies, South Africa and Nigeria, are struggling and drag the average growth figures down, whilst others such as Cote D'Ivoire, which is predicted to deliver 6%+ growth in 2025, are world leaders.

The IMF reports that nine of the world's 20 fastest-growing economies in 2025 will be in Africa.

Actual growth depends on addressing challenges in political stability, climate change impact, the residual lingering effects of the COVID-19 pandemic, and debt. Average government debt has increased substantially and, although not particularly high as a percentage of GDP, the ability to service the debt is difficult given high interest rates and the low tax revenues earned by governments in most African countries.

Two key markets, for which the world is dependent on Africa, are minerals and agriculture.

Africa is rich in the critical minerals essential for a range of rapidly developing industries, including technology, renewable energy, AI and electric vehicles. The Continent possesses significant reserves of cobalt, lithium, and rare earth elements, which are crucial for the production of batteries and other high-tech applications. As global demand for these minerals rises, Africa's role as a key supplier is becoming increasingly important.

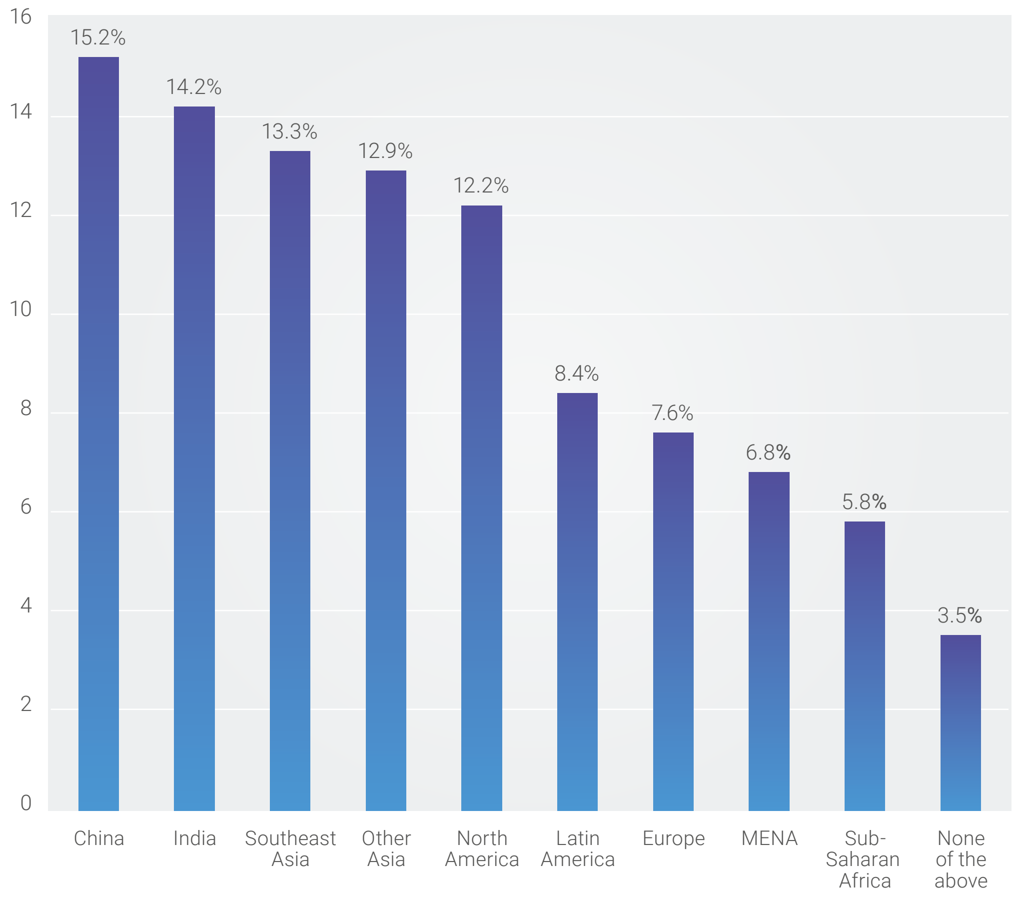
Africa holds 60% of the worlds unused, naturally irrigated agricultural land giving it a significant potential role in feeding the world and ensuring food security. Innovations in agritech are improving yields and efficiency and making African agricultural output increasingly competitive in global markets.

The real estate and construction sectors are also flourishing due to urbanization and infrastructure development initiatives. There are growing levels of local manufacturing to meet domestic demand, align with the AfCFTA regional opportunity, and mitigate logistics risks. E-commerce demand is growing exponentially, and this in turn is stimulating the demand for quality warehousing and related infrastructure.

Technology, which is quickly adopted by a young population, is enhancing access to information, improving productivity, and fostering innovation. Mobile technology, for example, has revolutionized communication and financial services in countries like Kenya and Nigeria, driven by increased mobile penetration and digital payments, allowing for mobile banking and e-commerce to thrive.

Ecommerce Investment

Do you plan on expanding e-commerce operations to any of the following regions?



From the data, it's evident that logistics professionals are betting on diversification by leveraging stable markets for consistent returns, while investing in high-growth regions for future expansion. Equally, regions with poor infrastructure or volatile political landscapes are less of a priority, indicating an acute sensitivity to risk.

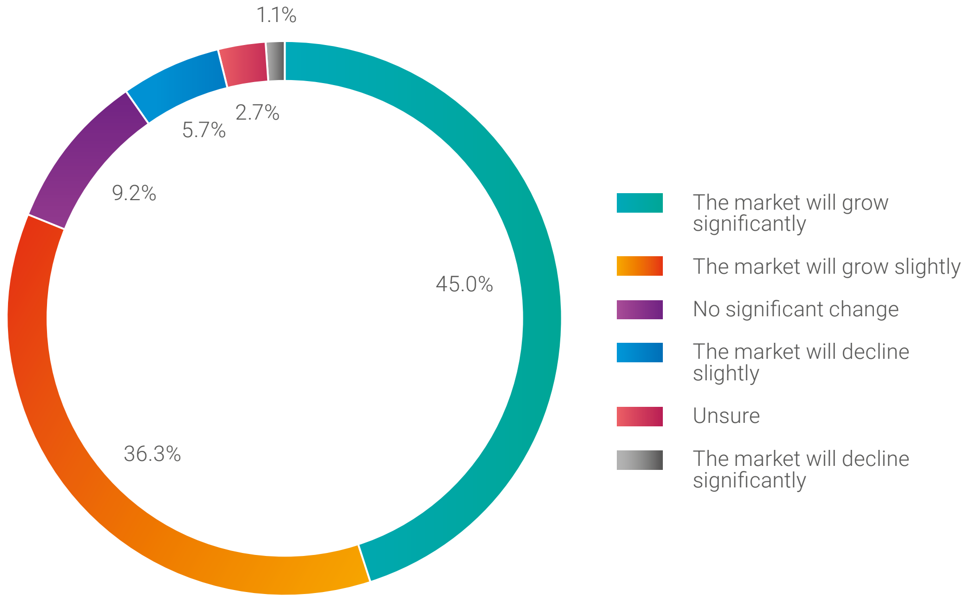
Unsurprisingly, this tells us that businesses are drawn to where growth is either stable (Europe, China) or explosive (Southeast Asia, India) but are reluctant to invest in regions with uncertain returns or operational hurdles (MENA, Sub-Saharan Africa).

In that context, Europe's top position is as much about risk aversion as it is about the attraction of the market, although there's an argument to say that could be a mistake, with companies over-prioritising security at the expense of growth in an emerging or less developed markets.

Elsewhere, the focus on India and South East Asia is indicative of long-term thinking. Ecommerce in those regions is still developing, and as such infrastructure problems persist. Expanding into these markets gives businesses a chance to capitalise years down the line. That said, it could lead to front-loaded investments that strain current logistics networks in these regions, delaying profitability in the short term.

Finally, while North America ranks high, its position behind Southeast Asia and India indicates it's seen as a saturated market, which hints at slower growth opportunities. To that end, North America's true value might not be just in consumer growth, but as a logistics and technology base for global operations.

What do you expect to happen to the e-commerce market over the next 12 months?



That ecommerce is seen as a market with huge growth potential comes as little surprise. The continued shift of consumer behaviour, driven by convenience and growing access to digital tools means that the market is only likely to head one way in the immediate future.

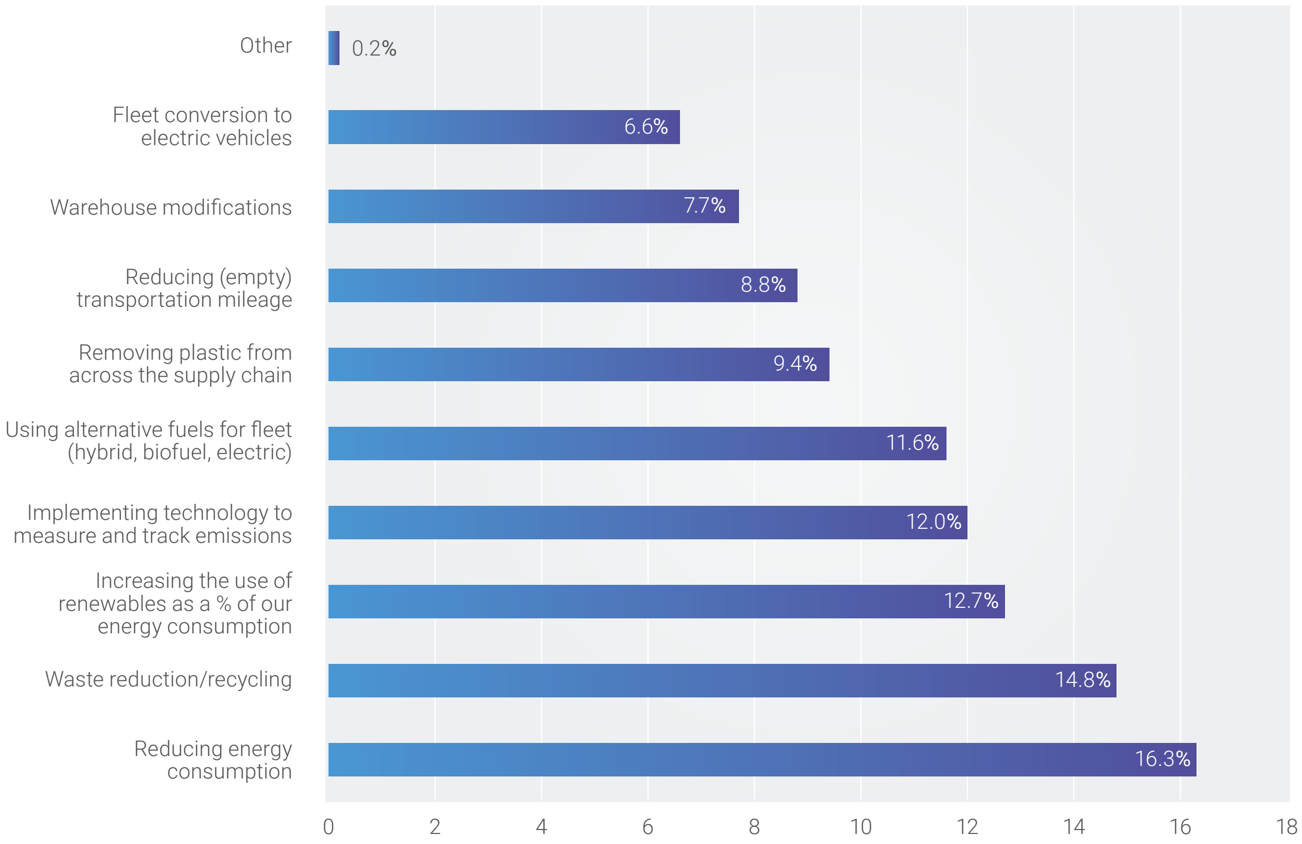
That too is true of the logistics sector which itself is leveraging advanced tech to enable the increased demand for faster clock speeds in the ecommerce supply chain; that gives rise to the increased optimism that the market will continue to expand, particularly in developing countries and regions which open up new customer bases. Momentum is most definitely with the sector.

While the mood is generally optimistic, some (16.6%) anticipate a slight change or decline. That is undoubtedly indicative of growing headwinds that include economic pressure, geopolitical risks and growing labour shortages. These may temper growth and stretch resources, but shouldn't have a decisive impact.

Generally speaking, the wider take home is that companies that can adapt to changing consumer preferences, leverage technology, and mitigate risks will thrive; those who cannot will struggle. Growth, therefore, is there for the taking, and it will reward businesses prepared to invest in resilience and innovation.

Sustainability

Which of the following sustainability initiatives are among your 2025 priorities in emerging markets?



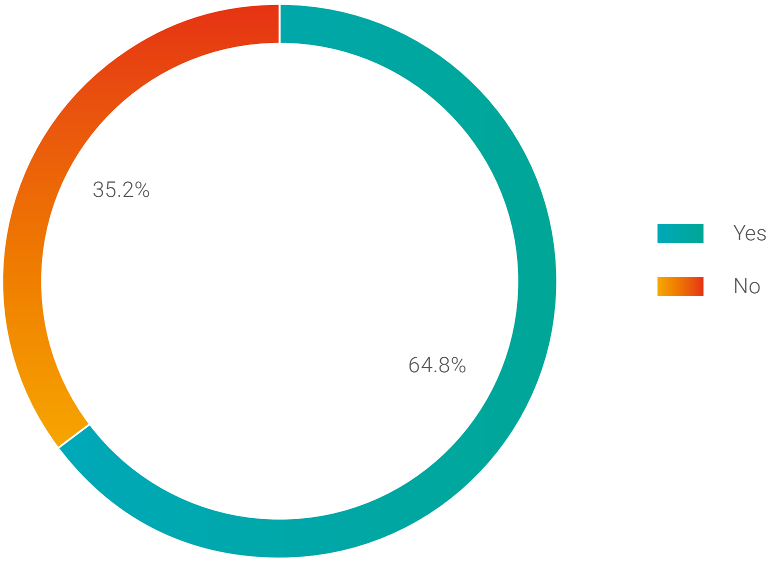
Sustainability in emerging markets is evidently a balancing act for the logistics sector. There is an obvious focus on initiatives that deliver environmental and cost saving benefits. Reducing energy consumption (16.3%) and waste reduction/recycling are low hanging fruit with tangible and achievable goals. They also have direct operational benefits.

Cost-efficiency, for example, through reducing transportation mileage (8.8%) and removing plastic from supply chains (9.4%), is more of a priority than long-term initiatives like fleet electrification (6.6%) and warehouse modifications (7.7%). This suggest a hesitance to invest in long-term initiatives that have high upfront costs, especially in markets with constrained budgets.

On a similar note, the low priority given to fleet electrification (6.6%) is in keeping with the struggles in the wider EV market. The high cost, lack of infrastructure and indifferent government subsidies are problems in both established and emerging markets, so it stands to reason that the industry is delaying investment in electric fleets until conditions improve.

That particular scenario is indicative of the wider sentiment towards sustainability in emerging markets. Emerging markets face unique challenges – there are limitation with their infrastructure, regulatory inconsistencies and cost pressure. These influence what is and is not a priority. Companies, therefore, are focusing on what they can control, rather than investing in future-oriented or infrastructure heavy initiatives.

Are you currently on track to reach your Net Zero goals?



A significant majority have not only embraced sustainability targets but are also successfully working towards them, which paints a picture of progress despite what has been a challenging year for the sector.

Progress is down to stricter regulations, technological progress and greater demand from consumers for greener supply chains. Global and regional mandates - such as the IMO's emissions reductions target and the EU's carbon pricing – are compelling the sector to act. Investment in alternative fuels and the adoption of digital tools to optimise supply chains are also aiding the transition. Momentum is clearly gathering.

That 35.2% are struggling is indicative of the barriers some have faced this year. Tighter budgets, economic strain, infrastructure challenges and supply chain complexity all impact ESG targets. The latter in particular is arguably the sectors biggest challenge when it comes to sustainability. Coordinating sustainability efforts across global supply chains, involving multiple stakeholders, is a daunting task.

There are broad implications for what this data shows. Those who are on track demonstrate what's possible when businesses are aligned with regulatory frameworks, are able to invest in innovation, and are able to prioritise sustainability. The challenges faced by the remaining third also indicate the need for policy support, industry-wide standards and more scalable solutions.

Appendix 1 Sources & Methodology

Sources

The Agility Emerging Markets Logistics Index has three main components.

- First is the Overall Index: a look at the composite scores of the 50 Index emerging markets based on a combination of their domestic and international logistics markets, and their business environment.
- Second are the 4 sub-indices: Domestic Logistics Opportunities, International Logistics Opportunities, Business Fundamentals and Digital Readiness.
- Third is a survey of +550 trade and logistics industry professionals.

The Index country rankings are underpinned by data from:

- The International Monetary Fund, Organisation of Economic Cooperation and Development, World Bank, government statistical agencies, Transparency International, United Nations and UN agencies, World Economic Forum, International Trade Centre and International Air Transport Association, International Renewable Energy Agency and credit ratings agencies.
- In addition, Ti's proprietary market size and forecast data is used.

Definition

Definition of 'Emerging Markets' The term 'emerging markets' was first coined by the World Bank's International Finance Corporation (IFC) in 1981. According to its definition, an emerging market is a country making an effort to improve its economy, to reach the same level of sophistication as nations defined as 'developed'.

An emerging market is further characterized by the IFC as meeting at least one of the two following criteria: 1. It is a low or middle-income economy, as defined by the World Bank. 2. Its investable market capitalisation (IMC) is low relative to its most recent Gross Domestic Product (GDP).

Methodology

The Agility Emerging Markets Logistics Index uses four metrics to assess and rank 50 emerging markets. The metrics measure the countries':

Domestic Logistics Opportunities (25%)

International Logistics Opportunities (25%)

Business Fundamentals (25%)

Digital Readiness (25%)

Domestic Logistics Opportunities rates the performance, potential and drivers of a country's domestic logistics market. This includes measures that assess each individual emerging market's economic strength, development and growth forecasts, as well as:

- Urbanisation of the population – a driver of manufacturers' centralized distribution strategies and the likely consolidation of retailing.
- Distribution of wealth throughout the population – indicative of widespread demand for higher-value goods.
- Cluster development – an assessment of the depth and economic development of business clusters within a market.

In addition, Ti's proprietary market sizing and forecast data is used to assess the strength of performance and potential growth opportunities within a country's domestic contract logistics and express markets.

International Logistics Opportunities rates the performance, potential and drivers of a country's international logistics market. This includes measures that assess each individual emerging market's trade volumes and tariff regimes, as well as:

- The frequency and range of destinations of its international connections across air and sea

- A rating of the efficiency of its customs and border controls.
- The value of logistics-intensive trade by a country, that is goods that account for the vast majority of volumes handled by traditional LSPs, discounting product groups such as oil and bulk items. Ti has developed a proprietary method for calculating logistics-intensive trade.

In addition, Ti's proprietary market size and forecast data is used to assess the strength of performance and growth opportunities within a country's air and sea forwarding markets, as well as each country's international express market.

Business Fundamentals assesses factors that either aid or hinder the operations of business in a country. This determines the market's regulatory and financial health, whilst also assessing the overall state of the wider business environment. Specifically, this measures:

- Market accessibility – how easy it is for foreign companies to enter and compete effectively in the market, including measures that assess their ability to deal with existing bureaucracy and regulation.
- Security – the risk to companies' operations from threats such as theft, corruption and terrorism.
- Domestic stability – wider financial health and a market's capacity to ensure property rights, enforce contracts and minimize corruption.
- Infrastructure – to what extent does underlying transport and technological infrastructure aid or hinder the growth of business.

Digital Readiness measures each market's potential to emerge as a digitally-led, skills rich, innovation-oriented and sustainable economy for the future. Specifically, this includes:

- Digital business – the spread and depth of digital skills, the strength and diversity of digital business models and the adoption of and access to online commerce.
- Business ecosystem development – systems and support for investment, innovation, value-adding commercial enterprises and the growth of new ventures.
- Sustainability – the emissions intensity and renewable energy mix powering economic development.

**Please note that Russia remains in grey throughout the Index and sub-Indices as restrictions on business activities still exist.*

About Ti

Transport Intelligence (Ti) is one of the world's leading providers of expert research and analysis dedicated to the global logistics industry. Utilizing the expertise of professionals with many years of experience in the express, road freight and logistics industries, Transport Intelligence has developed a range of market-leading web-based products, reports, profiles and services used by many of the world's leading logistics suppliers, consultancies, banks and users of logistics services.

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About Agility

Agility is a global supply chain company, and a leader and investor in technology to enhance supply chain efficiency and sustainability. It is a pioneer in emerging markets and one of the largest private owners and developers of warehousing and light industrial parks in the Middle East, Africa and Asia. Agility's subsidiary companies offer airport services, e-commerce enablement and digital logistics, customs digitization, remote infrastructure services, fuel logistics, commercial real estate and facilities management.

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