

UAE major market for UPS Europe hub

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Despite the current global economic slowdown that has impacted air freight volumes, UAE will continue to be a strong market for the UPS European air hub, said a senior company official.

The 22-year-old UPS European air hub based in Cologne, Germany, is the company's biggest air facility after the Louisville hub in the US and acts as the main gateway for all shipment movements to and from all destinations outside the US.

"Our European hub continues to play a significant role in facilitating global trade in UAE given its strategic location and ability to connect to all parts of the world," John Tansey, UPS General Manager for UAE told Emirate Business during a tour of the facility.

"UAE remains a strong market within the region and we are very hopeful that freight volumes will continue to expand despite the global impact on air freight."

Tansey said growth in volumes and revenue is expected to be more than 10 per cent this year, more than double the current growth projections for the industry.

He said increased business activity and competition within the UAE has led most companies to outsource their logistics operations to third party companies to enable them concentrate on their core businesses.

"Companies are beginning to realise the need for professionals to run their logistics requirements. This enables them to focus and ultimately have a competitive edge over their business rivals. This has led to increased business for logistics companies," said Tansey.

In order to accommodate the growing demand for third party logistics globally, UPS expanded its European air hub in 2006 with the opening of a new automated 30,000 square metre building to nearly double UPS's package sorting capacity to 110,000 pieces an hour in the initial expansion phase.

There is also a possibility of expanding the sorting capacity to a maximum of 165,000 packages per hour in the future.

Tansey is optimistic UPS will continue to help expansion of businesses in UAE through its global network and ability to move goods by all modes of transport.

UPS has already begun construction of its new intra-Asia air hub at Shenzhen International Airport in China, which will replace UPS's current hub located at the former Clark Air Base in the Philippines and serve as its primary transit hub in Asia when it opens in 2010.

The repositioning of the air hub is expected to cut at least a day off shipment times-in-transit for Asian customers, while offering a new level of service to the manufacturing region located just north of Shenzhen, not far from Hong Kong.

UPS is also in the process of opening new hub in Shanghai. The hub will strengthen the company's cargo capabilities in East Asia by linking all of China via Shanghai to UPS's international network with direct service to the Americas, Europe and the rest of Asia.

It will also connect points served in China by UPS through a dedicated service provided by Yangtze River Express, a Chinese all-cargo airline. To retain customers and add value to services, UPS is improving its IT infrastructure through investments of up to \$1 billion (Dh3.67bn) annually in the IT sector alone.

"We are improving IT services in every segment of the business to ensure efficiency and quick delivery of goods," said Tansey. He added UPS now has the ability to offer paperless invoices and that its electronic systems are available to customs officials several hours before arrival of goods.

Tansey said that the current area of focus in UAE was to expand the Delivery Information Acquisition Device, which are handheld devices that enable customers to sign for their packages and upload the information almost instantly to the network to indicate that the shipment has been delivered.

UPS currently has 16 daily flights in and out of UAE and the company has no plans to change that soon. However, it has plans to expand capacity by upgrading to the MD-11 and Boeing 747 planes. UPS has no immediate plans to shift to the new cargo facility at the Al Maktoum International Airport given ample capacity at Dubai International Airport.

Last month, UPS's international and supply chain business units posted respectable revenue growth for the third quarter with a 31.6 per cent increase.

Consolidate revenues were up 7.4 per cent to \$13.11bn compared to \$12.21bn in Q3 2007.

Fact file

UPS's air hub at the Cologne Bonn Airport has been the main European gateway within the company's ever-growing global air network since 1986.

In 2006, construction of 30,000 square metre building was completed to double UPS's package sorting capacity to 110,000 pieces an hour in the initial expansion phase. It was estimated at \$135 million (Dh495m).

The new, automated facility has three independent sorting systems, one each for regular packages, smalls and irregulars. Customised technology ensures the hub's efficiency and processing reliability, reducing manual package handling to a minimum during the sorting period. The expansion has added 225 air and ground load/unload positions to the operation and overall the facility has 30km of conveyor belts.

The total operating area is 75,500 sq m and there are 38 daily flights inbound and outbound. UPS employs more than 2,300 people in its air operations in Cologne.

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