



SUPPLY CHAIN PARTNERSHIPS



COUNTERING ECONOMIC AND GEOPOLITICAL UNCERTAINTY

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Long-standing trade routes are shifting and geopolitical events are driving economic uncertainty on a global scale. As such, businesses require more agility if they are going to operate in these unpredictable times. To navigate this change, organisations need to reconsider their approaches to supply chain management to drive down costs and better serve customers. Central to this is building trusted partnerships with disruptive logistics specialists that understand the evolving business environment.

WHAT'S DRIVING UNCERTAINTY?

A lot of the uncertainty, and its impact on trade, stems from the current political climate. Take the UK for instance, a great deal of unpredictability is being driven by a lack of clarity around Brexit and the eventual deal with the European Union (EU). Post-Brexit, there will be a whole host of new obligations that traders will have to comply with, on both sides of the channel,

however a lot of what this looks like in practice is still to be determined.

Additionally, while an agreement may still be struck, the possibility of a no-deal scenario is growing more likely. If that's the case, consumers, businesses and public bodies will have to respond immediately to changes as result of the UK leaving the EU. This could have a substantial impact on cargo flows between Europe and the UK, with the possibility that both parties turn to other markets for trade.

From a more global perspective, US President Donald Trump's approach to foreign affairs and international trade is leading to further geopolitical uncertainty. Trump's prime focus is protectionism, which he is using to defend U.S. industries from foreign competition. His goal is to reduce the US trade deficit with other countries, especially China and EU countries.

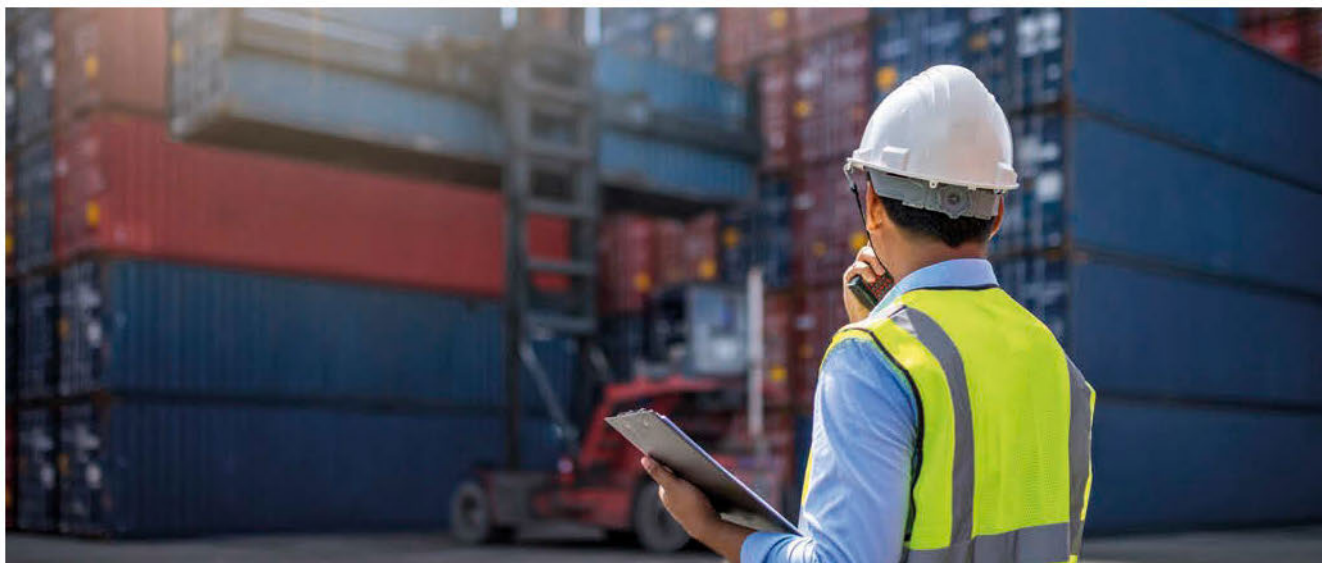
Should the US continue to enforce a tariff-based trade strategy with its competitors,

they may look to reorient their economy to focus on doing business with more agreeable trade partners. With countries like China already looking to redraw international trade maps with its Belt and Road initiative, this kind of move could have a significant impact on global markets.

Despite all the ambiguity, we know one thing – businesses need to find new ways of working with the logistics sector to adapt to these economic and geopolitical challenges. Traditionally, many sectors have relied on rigid legacy supply chains to import and distribute goods throughout their network. However, market uncertainty, as well as the impact of consumer trends and online disruption, has driven the need to build agility into business models.

PARTNER OR PROVIDER?

Incorporating agility into business models means finding ways to centralise and simplify the supply chain, as well as the ability to



rapidly respond to events as they occur. In order to have this kind of capability, businesses need to design their logistics operations carefully, prioritising key transport links, proximity to major import/export terminals and multimodal capabilities.

However, organisations that are looking to reimagine their logistics operation in this way require a reliable network of first to fourth party logistics providers that understand these challenges and collaborate closely with businesses to solve them. Too often, cargo handlers see themselves as just a provider of commercial transit services, instead of a trusted partner and source of industry expertise.

Many ports still perceive the shipping line as just their customer. However, in the current climate, cargo owners need and expect more. Organisations should be able to focus on their core proposition of selling to consumers, while the logistics sector provides them with supply chain expertise and a bespoke service that meets their specific needs.

IMPORTANCE OF TECHNOLOGY

Modern ports demonstrate the value this partnership approach can provide. Part of an effective logistics partnership is appreciating how disruption, or even a simple lack of communication, can create a ripple effect resulting in delays across the supply chain. Unfortunately, ports have historically been considered something of a black hole when it comes to the visibility of cargo, a situation that can be very costly for businesses if cargo fails to navigate a site within the expected timeframe. Supply chain visibility is central to competitiveness, and while shipping providers allow cargo to be tracked as it crosses the seas, cargo owners, third party logistics businesses and port users need the same visibility once it enters port to make informed business decisions that drive profitability.

When ports embrace their role as a logistics partner, they can leverage the latest innovations to help businesses boost supply chain resilience and visibility. By deploying technology like the Internet of Things (IoT), data analytics and mobile applications, they can track critical milestones and communicate automated, real-time notifications to organisations regarding the status of their cargo. This is growing ever more important as the shipping industry is becoming increasingly digitised and businesses across the logistics sector are constantly looking for new ways to use data to drive revenue and decrease inefficiencies.

NEW TECHNOLOGY

In an increasingly unpredictable marketplace, businesses can drive reliability by selecting logistics partners that are investing in technologies like automation. Automation is central to driving efficiency across the logistics and supply chain industry, and can be applied to everything from trucks and trains, to warehouses and factories. In terms of benefits, ports deploying automated wind-proof stacking cranes are able to operate in wind speeds that typically close sites using legacy technologies.

In the face of uncertainty, organisations need to demand more from their logistics partners so they can focus on what they're good at – selling to customers. In unison, logistics specialists need to recognise that there's more to their role than simply moving boxes from A to B. They need to do more to understand their partners and the challenges they are facing. The unpredictability in the global market looks set to continue, so it's in the interests of both parties to have an open dialogue that fosters effective collaboration.

ABOUT THE AUTHOR

Nichola has over 35 years of experience in the maritime and logistics sector navigating businesses through growth challenges and ensuring the supply chain serves the customer needs better. She has led the One Belt One Road initiative in her capacity as General Manager at DP World London Gateway which introduced the China to UK international train, providing customers with an alternative route to move cargo efficiently and effectively. Nichola delivered a turnkey project of USD650million in Turkey (Yarimca). This involved building a 1.2 million TEU container terminal and building a company of 450 employees. In her 12 years with DP World, she has worked in the trade enabler's flagship, 15million TEU capacity port, Jebel Ali, as Operations Director. Prior to that, Nichola worked for one of the world's largest shipping lines for 23 years based in Dubai.

ABOUT THE ORGANIZATION

DP World is a leading enabler of global trade and an integral part of the supply chain. We operate multiple yet related businesses – from marine and inland terminals, maritime services, logistics and ancillary services to technology-driven trade solutions. We have a portfolio of 78 operating marine and inland terminals supported by over 50 related businesses in over 40 countries across six continents with a significant presence in both high-growth and mature markets. We aim to be essential to the bright future of global trade, ensuring everything we do has a long-lasting positive impact on economies and society.

ENQUIRIES

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