
GAC plans expansion in contract logistics sector

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GAC is tapping into the growing contract logistics business potential of the Asia Pacific, Indian Subcontinent and Middle East, with plans to develop and expand in its operations in the regions, said a top official.

Lars Bergström, GAC's Group vice president for Asia Pacific & Indian Subcontinent, was speaking to the Group's Contract Logistics Solutions experts who gathered in Colombo, Sri Lanka, to chart GAC's strategy to increase its share of the business in their regions. They discussed growing demand as a result of the rise of e-commerce, last mile deliveries and technological advancements, as well as the challenges the contract logistics sector faces.

"Many FMCG, retail and pharmaceutical companies have their manufacturing plants in this part of the world for the comparatively lower production costs, and to be closer to their customers," said Bergström.

"China is the largest market for contract logistics in this region. The contract logistics market in Southeast Asian countries like Vietnam, Thailand, Malaysia and Indonesia has also become increasingly vibrant, and ongoing US-China trade tension has made such countries an attractive alternative manufacturing base to China."

He is optimistic about the contract logistics outlook for the Asia Pacific and the Middle East, citing forecast growth of 6 per cent in 2019 and 2020 for East Asia and the Pacific – double the global economic growth rate of 3 per cent. With robust economic growth, contract logistics activities are expected to increase, he said.

Bergström stressed the need for flexibility and innovation to keep the supply chain nimble in response to changing consumer trends, demands, expectations and economic and geopolitical conditions. One response to the growing demands of e-commerce is PI (physical internet), a concept developed by Benoît Montreuil, Professor of Material Handling and Distribution at the Georgia institute of Technology, to optimise logistics and supply chain efficiency by transporting physical goods as efficiently as data flows around the web.

The GAC Group is responding with its proprietary warehouse and transport management system GACWare, end-to-end customisable integrated solutions

designed with customers in mind covering both shipping and logistics, and its global presence with local expertise.

The company operates warehouses and fulfilment centres in Dubai, Qatar, Bahrain, Indonesia, Malaysia, Singapore, Sri Lanka and Thailand, with a combined storage space of more than 450,000 sq m and over 300,000 pallet positions.