



Future of Logistics

Prof. Dr. Khaled Hanafy

Secretary General of the Union of Arab Chambers
Former Minister of Supply and Internal Trade in Egypt

Email: kmhanafi@gmail.com

The global trading system has been greatly affected by major macro-economic transformations that the world is still facing today (china- USA trade war, new economic trends such as cycle economy and sharing economy, new business applications such as e-commerce and block-chain technology, and fourth industrial revolution). In addition, the capacity and size of international trade had expanded along with foreign investments and advancements in technologies. These changes created multiple chances as well as obstacles that may result, in turn, in changing the entire worldwide trading roadmap.

However, in 2020, the economic turmoil caused by the pandemic has exposed many vulnerabilities in supply chains and raised doubts about globalization. The impact of coronavirus spread so rapidly that it has changed the system of the globe. Whether from the perspective of a single country or multilateral levels, the solidity of international relations has been put under the test. The most obvious consequences include economic recession, a crisis of global governance, trade protectionism, and increasing isolation.

The crisis of the new Coronavirus (Covid-19) is reflected on the activities of supply chains, logistics, and trade movements, so its primary goal is to respond to the growing and unexpected market demands. In acknowledging the magnitude of this unexpected challenge, the priority for governments must first be the immediate emergency response focusing on saving lives, supporting health infrastructure, food availability, and the many other urgent social and economic support measures.

Therefore, the logistics sector and supply chains are at the forefront of sectors affected by the current crisis, because of the pressure to provide goods, whether imported or locally produced, along with the supplies, health and medical preparations used to face the crisis.

After we overcome the pandemic, which will surely happen, we must carry out a comprehensive evaluation of the world's ability to maintain stability when faced with similar challenges in the future. We must also craft measures to cope with these challenges together. But perhaps at the current phase, we can already draw some conclusions. The new business environment forced countries to change economic structure and investment environment in a way that can allow them to be part of the global value chain (GVC).

The question here, Logistics plays a significant role in keeping the world economy moving. However, what keeps logistics moving?

The global pressures create opportunities in e-commerce markets, and alliance coalescing around new technologies, which is why the world has turned to digitalization. However, in order to reap the full benefits of digitalization, companies must fundamentally redesign their supply chain strategy. It is not enough to just embellish it with digital technology (Agrawal et al., 2020).

New technologies and consumer and regulatory demands require new ways of thinking. 'Digital fitness' will be a prerequisite for success (Barrios, 2018). Many applications and technological tools have been recently employed to push forward the concept of global value

chain (GVC) and to adopt to dramatic changes and challenges we face in logistics sector worldwide, among these trends (Adminewl, 2019):

- Using Innovative Technologies for the Supply Chains (Logistics 4.0), for example utilizing the Internet of Things (IOT) can help in establishing networked warehouses where all objects convey information on their current condition and location. Another application is intelligent delivery solutions to collect highly accurate information on the delivery status of a parcel. In addition, smart refrigerators can place orders for consumers in ecommerce.
- Artificial intelligence has long harbored decisive potentials for the logistics industry since carriers can use its applications to design more efficient processes, facilitate data collection and prevent downtime.
- Multichannel logistics is important in logistics as with a broader position and greater diversification of the distribution logistics channels, the risks of delays can be reduced and logistics processes can be more stable.
- Blockchain technology achieves more widespread support in the transportation and logistics industry, as it has enabled logistics companies to failsafe digital contracts, and can enhance the efficiency and transparency of supply chains (Radivojević and Milosavljević, 2019).

- There are green initiatives that call for a circular supply chain, where companies everywhere are heeding consumer demand for greener products and processes. Governments throughout the world are taking steps to cut waste from supply chains, boost recycling and reuse for commonly used products (Liu, et al, 2018).

Egypt's logistics industry is evolving as one of the major trading nations through creating a wide range of opportunities for logistics service providers. The government of Egypt has been undertaking initiatives to convert the country to a global logistics hub and encourage foreign investments in various sectors.

As a former dean of the College of International Transport and Logistics (CITL), I am overjoyed and proud to be talking about a dream which has now come true. We had begun our journey by creating awareness about logistics and disseminating the logistics culture; as the first college in the Middle East specialized in logistics science. Logisticians graduated from CITL are currently working in nearly every industry in Egypt and the Arab World. The issue of the International Business Logistics Journal "IBLJ" by The College of International Transport and Logistics (CITL) in Alexandria at the Arab Academy for Science, Technology and Maritime Transport is an important step that could offer an important reference to national and international affiliation and academic researches. I wish all success to the new journal in its important field.

References

- [1] Adminewl. (2019). Developments & Logistics Concepts of the Future: These Are the Current Trends in Logistics 2019. Article in EASYWAY LOGISTICS. Retrieved from <https://easywaylogistics.net/developments-logistics-concepts-of-the-future-these-are-the-current-trends-in-logistics-2019/>. (Accessed 5.5.2021).
- [2] Agrawal, M., Eloat, K., Mancini, M., & Patel, A. (2020). Industry 4.0: Reimagining manufacturing operations after COVID-19. Article in McKinsey & Company. Retrieved from <https://www.mckinsey.com/business-functions/operations/our-insights/industry-40-reimagining-manufacturing-operations-after-covid-19#>. (Accessed 5.5.2021).

- [3] Barrios, K. (2018). What's in The Future for The Logistics Industry? Article in Xeneta. Retrieved from <https://www.xeneta.com/blog/digital-fitness-prerequisite-logistics-success>. (Accessed 5.5.2021).
- [4] Liu, J., Feng, Y., Zhu, Q., & Sarkis, J. (2018). Green supply chain management and the circular economy. *International Journal of Physical Distribution & Logistics Management*, 48(8), 794-817.
- [5] Radivojevic, G., & Milosavljevic, L. (2019). The concept of logistics 4.0. In 4th Logistics International Conference, 23-25.

Biography

Dr Khaled Hanafy is the Secretary General of the Union of Arab Chambers and Professor of Economics and International Business. He held several Governmental, academic, business and consultancy positions, most recently Minister of Supply and Internal Trade in Egypt, Chairman of Internal Trade Development Authority and Dean of College of International Transport & Logistics, in the Arab Academy for Science, Technology & Maritime Transport. He was awarded "The Best Minister" for two consecutive years according to top surveys, in recognition of developing a New Food Subsidy System serving more than 70 million Egyptians.

Dr Hanafy had a remarkable contribution in developing the Egyptian internal trade, through launching a number on initiatives that were reflected in developing internal trade and in making it more efficient. These initiatives include: "Egypt's Food Industries", "Consumer Complexes E-Linking Project", "Gameeti Project", "Internal Trade and Logistics Zones" and "Upgrade The Egyptian Storage Capacity".

Dr Hanafy was the Chief Editor of the Economic constitution of Egypt. He was Chairman and board member of several holding companies in the private and governmental sectors. He participated in and headed a number of consultancy projects for the Arab League, the World Bank, the International Monetary Fund, the World Trade Organization, the United Nations, the International Labor Organization and the European Union. He was also an Economic Advisor for the Federation of Egyptian Chambers of Commerce and provided consultancy services to several national & multinational organizations.

He holds MSc degree in Regional Development and PhD degree in International Trade. He also holds many diplomas in International Trade, & Business Administration from top American universities. On the academic level, Dr Hanafy - is a Professor of Economics and International Business and has a wealth of profound publications