

Making the Gulf countries' big bets on building logistics hubs pay off

Despite recent geopolitical turbulence and slowing economic growth, global trade is not retreating: it reached a record \$33 trillion in 2024.¹ However, global trade dynamics are fundamentally changing with trade routes emerging and shifting due to geopolitical tensions, intensified competition between trade blocs, and deeper regional supply chains, especially in the energy, automotive, advanced manufacturing, and technology sectors. These developments represent enormous opportunities for the GCC countries, where logistics play a crucial role in the achievement of economic transformations and national visions.

Sitting at the crossroads of Asia, Europe, and Africa, the GCC countries have a geographically commanding position in global trade. They already handle around 18% of global trade flows (\$4.3 trillion in 2023).² Dubai has already established itself as a world-class logistics hub, and now, the other GCC countries are investing billions in their seaports, airports, and integrated supply chain capabilities. The success of their efforts to become hubs for global and regional trade and supply chains will depend not just on assets, but on strategy.

Logistics hubs serve as nexuses for global and regional trade. The well-established hubs of Hamburg, Dubai, Singapore, and Shenzhen are among the pioneers of this concept. They built their positions on historical trading cultures and strategic locations, and bolstered them with infrastructural capacity and operational excellence.

With the sustained growth of trade and the shifts in trade patterns, new logistics hubs emerged in places like Istanbul, Busan, and Tangerang. They used a more differentiated strategic approach which is driven by the active attraction of carriers, specialization and establishment of clusters around seaports and airports, and improved integration of gateway assets with the inland economy. GCC countries that aspire to become logistics hubs can do the same.

A successful hub-building strategy requires a nuanced understanding of a country's geographic position, its strategic advantages, and how it can generate or attract trade flows.

Different kinds of hubs attract trade in different ways. Building an air hub is often a sovereign decision. It requires either a strong national carrier with wide connectivity or offering global freighters privileges and incentives to base their operations locally.



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Creating a sea hub is more complex. Global shipping routes are tightly controlled — about 65% of capacity lies with just five shipping lines.³ To become a sea hub, GCC countries must influence routing decisions, build cargo density, and develop competitive value propositions.

In smaller economies with lower origin/destination trade and export/import levels, such as Qatar and Kuwait, reaching scale in cargo volume is the key success factor. One way to achieve this is by consolidating inward and outward flows of neighboring countries and focusing on value-adding activities and redistribution. Our analysis shows that Qatar, for instance, could position itself as a distribution center for the North Gulf region (including Kuwait, Iraq and Iran) and tap into its 14 million TEUs of trade potential by leveraging the Ashgabat Agreement and Hamad Port's world-class infrastructure and underutilized capacity. Capturing a modest 5% share of the North Gulf market could boost Hamad Port's utilization by 50%, significantly reducing logistics costs and propelling Qatar's logistics competitiveness.

Larger economies with significant domestic demand and origin/destination traffic, like Saudi Arabia, could attract trade flow by attracting transshipments and enhancing their competitiveness relative to neighboring hubs in a manner that extends beyond cost and turnaround times. For the Saudis, this might require influencing global routing decisions in an organic way by developing a global port network that is integrated with key trade partners and securing long-term shipping commitments from liners, or inorganically, by acquiring ownership stakes in global forwarders or carriers. This would ensure sufficient cargo density to fuel regional redistribution by sea, rail, and road.

In advanced and globally recognized logistics ecosystems, such as Dubai and Abu Dhabi, the key to continued success lies in determining their next strategic play. Dubai, for example, could push its logistics agenda further through greater specialization — becoming a global consolidation point for cold-chains, pharmaceuticals, perishables, RORO, or automotive spare parts. Abu Dhabi could harness its state-of-the-art facilities to serve export-oriented industries, supporting the Falcon Economy's ambition to grow non-oil exports by 143%,⁴ or it could evolve into a global maritime city by building capabilities in ship repair, shipping finance, arbitration, and R&D.

For the GCC countries, logistics hubs are not side projects. They are the backbone of economic transformation. Multiple hubs can thrive side by side, but only if each country carves out a distinct role within the region. To achieve this, each country must define a clear hub strategy that builds on its unique strengths and critically, coordinates with its neighbors. If done well, global trade will not simply pass through the region, it will converge in the GCC countries. That would not only reshape global supply chains, it would secure the Gulf's position as a cornerstone of the world economy.

¹ "Global trade hits record \$33 trillion in 2024, driven by services and developing economies" UN Trade and Development, March 14, 2025 (<https://unctad.org/news/global-trade-hits-record-33-trillion-2024-driven-services-and-developing-economies>).

² ITC Trademap data (<https://www.trademap.org/Index.aspx>).

³ "Alphaliner Top 100 / 27 Jan 2026" (<https://alphaliner.axsmarine.com/PublicTop100/>).

⁴ "Abu Dhabi's economy shows the fastest growth rates in the MENA region at 10.5%, a true 'Falcon Economy'" Abu Dhabi Media Office, Feb. 14, 2023 (<https://www.mediaoffice.abudhabi/en/economy/abudhab-economy-shows-the-fastest-growth-rates-in-the-mena-region-a-true-falcon-economy/>).

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