

The requirement of pre-legalisation has been waived

Exports to Middle Eastern countries - more misunderstandings than problems

Philipp Luehrs, deugro, spoke with Helene Rang, NUMOV

HR: Tell us about the business climate in the Middle East, now at the end of the second quarter of 2012.

Philipp Luehrs: I guess for 2012 the books are closed by now, but I feel that there is kind of an atmosphere of departure as we experienced in the years of 2003 to 2005 when many major projects were about to take off. Whilst in some countries like Saudi Arabia and Abu Dhabi lots of large scale projects are already underway, yet more to come, Qatar and Iraq are now at a point to push projects through that offer many opportunities for 2013, 2014 and beyond. The situation in Kuwait, Yemen and Bahrain remains obviously unsatisfactory, for different reasons the growth path in these countries has somewhat slowed down.

HR: Amongst all the geographical areas of your company's presence, how big is the business pie of the Middle East?

Philipp Luehrs: deugro is an international transport and logistics group that operates more than 65 offices, strategically located at gateways around the globe covering all continents. Though we are active in many interesting markets and challenging environments, the Middle East is an important market for the group. In the GCC region, Iraq, and Yemen, we operate eleven offices and representation that contribute a combined approximately 10% to the deugro group results.

HR: Many companies focus on doing business with the Middle East. What do you think are your ingredients of success and how do you keep ahead of competitors?

Philipp Luehrs: At deugro we have the slogan "minds over matter", which suggests that it takes the best minds to make the right moves. One of our strengths is that we have assembled a team of great minds in the freight management industry, also in the Middle East, allowing us the ability to provide logical and creative solutions for any logistical challenge. We have in-house transport engineering expertise, and our company possesses a large fleet of special transport equipment for over-dimensional and heavy equipment transportation, that allows us to handle challenging projects with our own resources, or form strategic alliances with partners, rather than simply sub-contracting our services as most others do. I think there

are two main reasons why deugro kept ahead of competition:

Differentiation and focus. Whilst most transport and logistics service providers act more like freight brokers, we offer specialised industry solutions in clear defined segments, such as infrastructure projects. Where we handle logistics requirements for roads, bridges, stadiums, port and airport expansion and construction projects. Other industry verticals are the oil and gas, petrochemicals, and mining and metals industry. Where we have developed global transport solutions for capital projects, relocation of drilling rigs, MRO equipment and resupply logistics. And last but not least the power and water business. Where deugro provides project logistics services for power generation, power transmission and distribution, drainage, sewage and desalination plant projects. We do not place a strong focus on the general freight forwarding business that ranges from personal effects shipments to consumer products. Instead, we are focused on the described niche business where we offer true added value to the supply chain of our customers.

HR: How much truth is in the reports about challenges pertaining to material importation into Middle East countries?

Philipp Luehrs: Actually I'm convinced that there are more misunderstandings than problems. When talking to international exporting companies trading with the Middle East we keep hearing about challenges when dealing with the Arab Embassies abroad, the time these take for document legalization, and for being referred to Arab Chambers in origin countries for kind of a "pre-legalisation", like through the Ghorfa in Germany. **For the last couple of years the pre-legalisation requirement has been waived and in most countries document legalization can be arranged directly through payment to the corresponding Ministry, Chamber of Commerce or customs authorities at the receiving end.** Documentation requirements have been simplified and there is no need to go beyond the step of document attestation with the local chamber of commerce at origin country or a notary public like in the US, the rest can be done at destination. I recommend all NUMOV members to contact their preferred freight forwarding agent to educate them about the



Philipp Luehrs, Regional Vice President Middle East of deugro Projekt GmbH, philipp.luehrs@deugro.com

actual documentation requirements in order to avoid frustration and lost time by dealing with Arab Chambers, Consulates or Embassies, which can be avoided. The governments in the Middle East are generally better set up than often perceived, and though the level of experience and education of individual customs officers suggests challenges in some countries in the Gulf, the procedures overall are fairly efficient and much less cumbersome than reported.

HR: What do you recommend NUMOV members that are interested in setting up shop or trading with business partners in the Middle East?

Philipp Luehrs: Apart from the fact that the selection of the right country and local partner can be critical for a successful market entry, the biggest mistakes of foreign investors especially from Germany is, that though our products, services and work ethics are highly esteemed, the direct "German way" and our cultural differences often lead to misunderstandings. I therefore keep recommending companies to provide cross-cultural training to managers and delegates and get professional aid, e.g. through consultancy by NUMOV or other professional advisors like Dr. Michael Lueders. But most important is a medium and long term approach, with true added value to the local economies, coupled with a fair share of patience, and Insha Allah all will turn out just fine.

HR: Thank you very much for this interview. ●