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Aramex: Delivering the Future (A)

In July 2005, Fadi Ghandour, founder and CEO of the Jordan-based express and logistics company Aramex, was shaking his head at the day's news. One of Aramex's alliance partners, Lynx Express Ltd. of the United Kingdom (U.K.), was going to be bought by UPS for $96.5 million USD.

The acquisition would leave Aramex without a partner in the U.K., and thereby inhibit the firm's business in one of the most important express markets in the world. This was not the first time Ghandour had to respond to an unexpected move by a global logistics player. Since its founding in 1982, Aramex had been a regional specialist – a Middle Eastern partner for the global delivery giants. The company had expanded rapidly and was considered a rising star emerging market multinational, as profiled in Thomas Friedman's 2005 book *The World is Flat*. Aramex had made history as the first Arab firm to list on a U.S. stock exchange, but it was still a regional player operating within a global network of partners. Ghandour wondered if Aramex should attempt to become a truly global player. The industry's recent consolidation and reconfiguration had provided an opening, but was now the time to make the leap?

Regional Background

The Middle East and North Africa region (MENA) had played an integral role in the development of human civilization. It occupied a strategically important geographic position between Asia, Africa, and Europe, and had therefore been a key location for trade and the development of modern thought and major religions. MENA was also the world's primary source of petroleum, which fueled the world economy. Most of the regional population was Muslim and Arabic was the primary language. Prior to World War I, MENA had been ruled by the Ottomans. After the war, the region was divided into independent nations, which resulted in three separate geographic areas: the Gulf States, the Levant Region,* and North Africa, as shown in the map in **Exhibit 1**.

Between 2002 and 2007, the five-year average gross domestic product (GDP) growth across the region was 5.7%.[1] However, incomes in the region varied widely. The Gulf States included some of the world's richest countries, such as Saudi Arabia, Bahrain, the United Arab Emirates, and Kuwait, as shown in **Table 1**. The Gulf State of Qatar had a 2006 per capita GDP of $86,934. As with most countries in the Gulf, Qatar was

* The Levant Region refers to the countries in the region that lie on the Eastern edge of the Mediterranean Sea, including Syria, Jordan, Israel, Lebanon, the West Bank, and Gaza.

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