

SPECIAL BRIEFING RESILIENCE: COVID-19

From BritCham's
Transport, Logistics & Supply Chain Committee



RESPONDING TO COVID-19

While all industries are impacted by the continued spread of COVID-19, those companies involved in transportation and logistics have suffered disproportionately as a result of the pandemic.

Government decisions relating to travel restrictions and the increasing need for various communities to go into lockdown are having a significant downturn on the movement of people and goods.

Beyond the obvious economic consequences relating to the movement of people, the continuing crisis is straining the finances of many transportation and logistics companies as well as threatening the global supply chain.

Resilience in the face of such difficulties is challenging but governments should recognise the importance of the transportation industry and provide immediate support during these uncharted waters.



THE FIGURES

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- The International Air Transport Association warns that COVID-19 could cost global air carriers between \$63 billion and \$113 billion in revenue in 2020. Airlines may burn through \$61 billion of their cash reserves during the second quarter ending 30 June 2020, while posting a quarterly net loss of \$39 billion.
- The situation with shipping is far more complex. Approximately 80% of world goods trade by volume is carried by sea, with China and the USA, two of the countries hardest hit by COVID-19, also being two of the largest importers / exporters of seaborne goods. The full cost to the industry will not be known for some time.

THE FIGURES

- The COVID-19 outbreak and resulting quarantines have led to a record number of blank sailings, according to the latest figures from Alphaliner. Inactive fleet size has swelled to 2.04 million Twenty-foot Equivalent Units (TEUs) or 8.8% of global capacity. The decline is greater than the 1.52 million TEUs of cancelled capacity during the 2009 financial crisis, the previous record, 11.7% of the total fleet at the time. Sea-Intelligence estimates that box carriers have blanked some 50% of previously-scheduled sailings since the virus overwhelmed China end-January, and that multiple carriers have enacted force majeure clauses and rates will be 'spot' until the situation normalises.
- "[O]ur analysis points in the direction that it can no longer be ruled out that container shipping might be looking at developments similar to the financial crisis of 2009," Sea-Intelligence wrote in its note. "This implies a potential volume loss of 10% equal to 17 Million TEU globally."

GOVERNMENT MEASURES TO DATE

Singapore's strong response has been praised internationally and represents a best practice model for governments who wish to ensure the well-being of the public while continuing to facilitate economic security.

BritCham supports all efforts undertaken by the Singapore government to date while continuing to advocate for greater support to be provided by global political and financial institutions while the global community works to solve the COVID-19.

WHAT GOVERNMENT SHOULD CONTINUE TO PROVIDE?

The industry is and will continue to play a vital role in the fight against COVID-19 by facilitating the delivery of essential medical equipment, such as protective clothing and masks and spare parts for medical machinery, as well as time-sensitive and perishable cargo and foodstuffs. Urgent measures do, therefore, need to be taken to prevent the failure of industry participants.

ALL GOVERNMENTS SHOULD CONSIDER THE FOLLOWING:

- Ensure robustness and resilience of supply chain to enable critical goods to reach those that need them most.
- Air, sea and road freight play a vital role in the battle against COVID-19 and governments are urged to provide clarity relating to the movement of freight across borders to ensure that vital supply lines remain open, efficient and effective.
- Encourage the banking and financing industries to provide favourable credit arrangements to enable companies to face short-term liquidity challenges. The global economy will recover from COVID-19 and the airlines, logistics, and shipping companies will be key strategic partners in this recovery. To allow such companies to fail at this stage will be detrimental to the global rebound.

ALL GOVERNMENTS SHOULD CONSIDER THE FOLLOWING:

- Relax current taxation and charges relating to the use of government owned and operated airports, ports and terminals
- Implement systems for the safe arrival, quarantine and departure / repatriation of aircrews, mariners and cross-border logistics personnel to facilitate the continued movement of goods.



HOW CAN BRITCHAM HELP YOUR COMPANY?

The TLSC Committee and the British Chamber of Commerce stands ready to assist companies in relation to their response to COVID-19 by:

- Providing members with a forum to discuss best practices and share ideas relating to the response of COVID-19. While face-to-face meetings are becoming increasingly challenging
- Advocating and representing members and the wider British business ecosystem with the Singapore and UK governments
- The Chamber has soft-launched a new online trade services portal on the website to support companies that are looking at exploring the Singapore and ASEAN markets. More information can be found here:

<https://www.britcham.org.sg/trade-services-support>

The TLSC Committee and the British Chamber of Commerce stands ready to assist companies in relation to their response to COVID-19 by:

- **Content across our other business committees is shared, providing real time and updated information for members to keep up to date with business landscape**
- **The Chamber team remain committed to supporting the connectivity of companies and can provide introductions to support your business.**
- **Our relationship with other regional British Chambers enables our members to become connected to markets outside of Singapore.**

ABOUT THE TLSC COMMITTEE

The Transport, Logistics and Supply Chain (TLSC) Committee brings together experts working within the realms of these three sectors. The committee is a platform to deliver multiple means of engagement across industry for the chamber network and wider business community, to be a source of formidable insight and thought leadership, as well as being a route to regulators and governmental influence.

In 2020, we introduced 3 new sub forums which feed into the TLSC committee: Land - Automotive; Sea - Maritime; Air - Aerospace. This new approach provides a platform for deeper discussion and knowledge exchange, with an objective to deliver high level unique opportunities that strategically engage with companies and individuals working within a specific field and build relations with industry associations, key influencers and spearhead advocacy in the areas required.

www.britcham.org.sg/committees/transport-logistics-supply-chain



www.britcham.org.sg



info@britcham.org.sg



137 Telok Ayer Street, #06-03, Singapore
068602



+65 6222 3552

