

The impact of COVID 19 on Global Logistics

How will the pandemic change the logistics landscape?

Dr. Rolf Neise

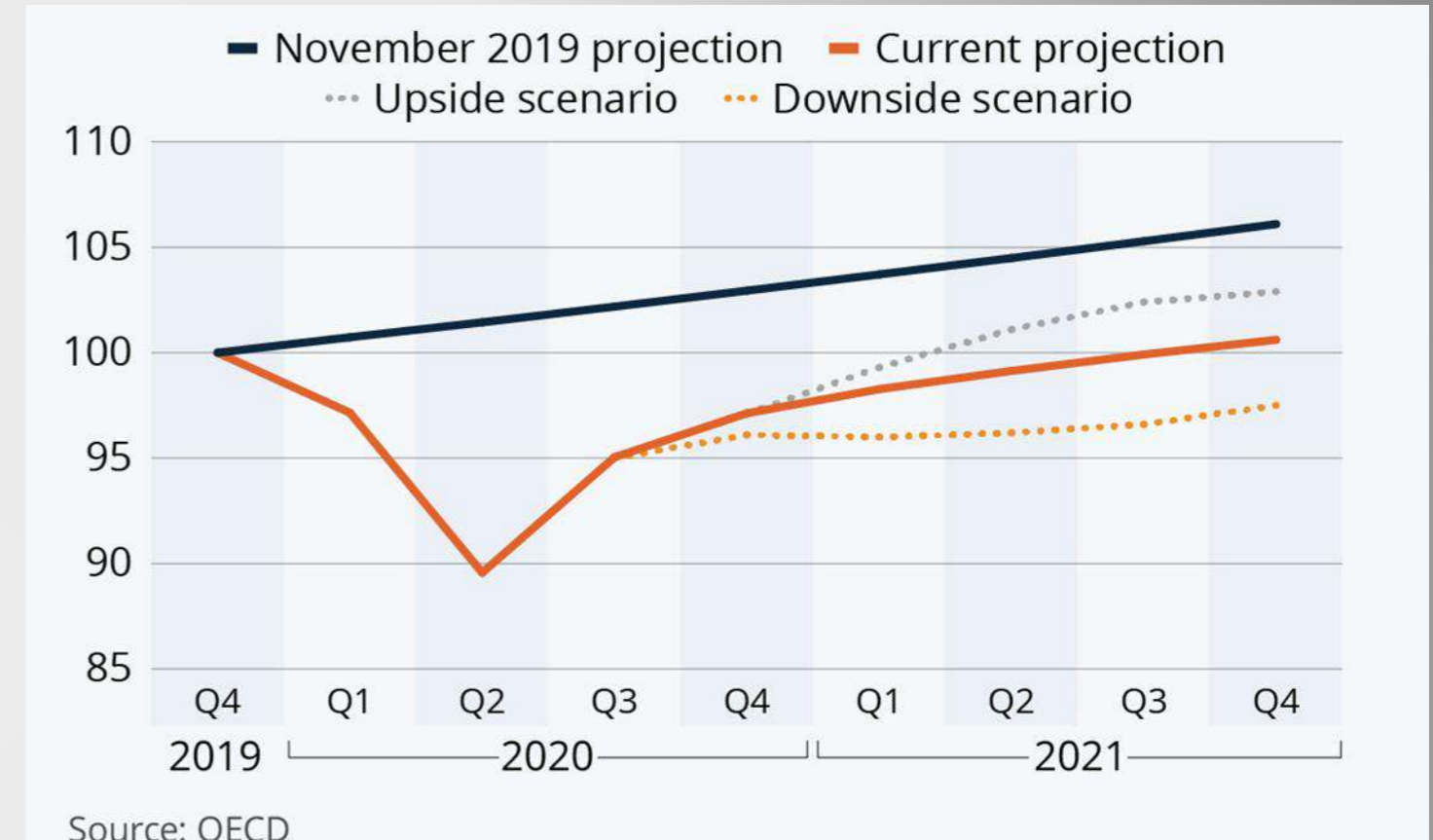
Riga, November 2020

The global situation

Real GDP Growth; % year-on-year

Country	2019	2020	2021
Argentina	-2.1	-11.2	3.2
Australia	1.8	-4.1	2.5
Brazil	1.1	-6.5	3.6
China	6.1	1.8	8.0
France	1.5	-9.5	5.8
Germany	0.6	-5.4	4.6
India	4.2	-10.2	10.7
Indonesia	5.0	-3.3	5.3
Italy	0.3	-10.5	5.4
Japan	0.7	-5.8	1.5
Russia	1.4	-7.3	5.0
United Kingdom	1.5	-10.1	7.6
United States	2.2	-3.8	4.0
World	2.6	-4.5	5.0
Euro area	1.3	-7.9	5.1
G20	2.9	-4.1	5.7
Latvia	2,1	-5,6	4,9

Global GDP Projection (Nov 2020)



Upside:

mild further development;
domestic demand up

Downside:

COVID outbreaks intensified;
Activities severely restricted; low demand

Latest estimation for 2020 = global GDP contracting of 4.4% in 2020.
OECD Sees Global **GDP Return** to Pre-Pandemic Level in 2021

The global situation – losers and winners

Household spending

Overall spending was stable despite case count worries

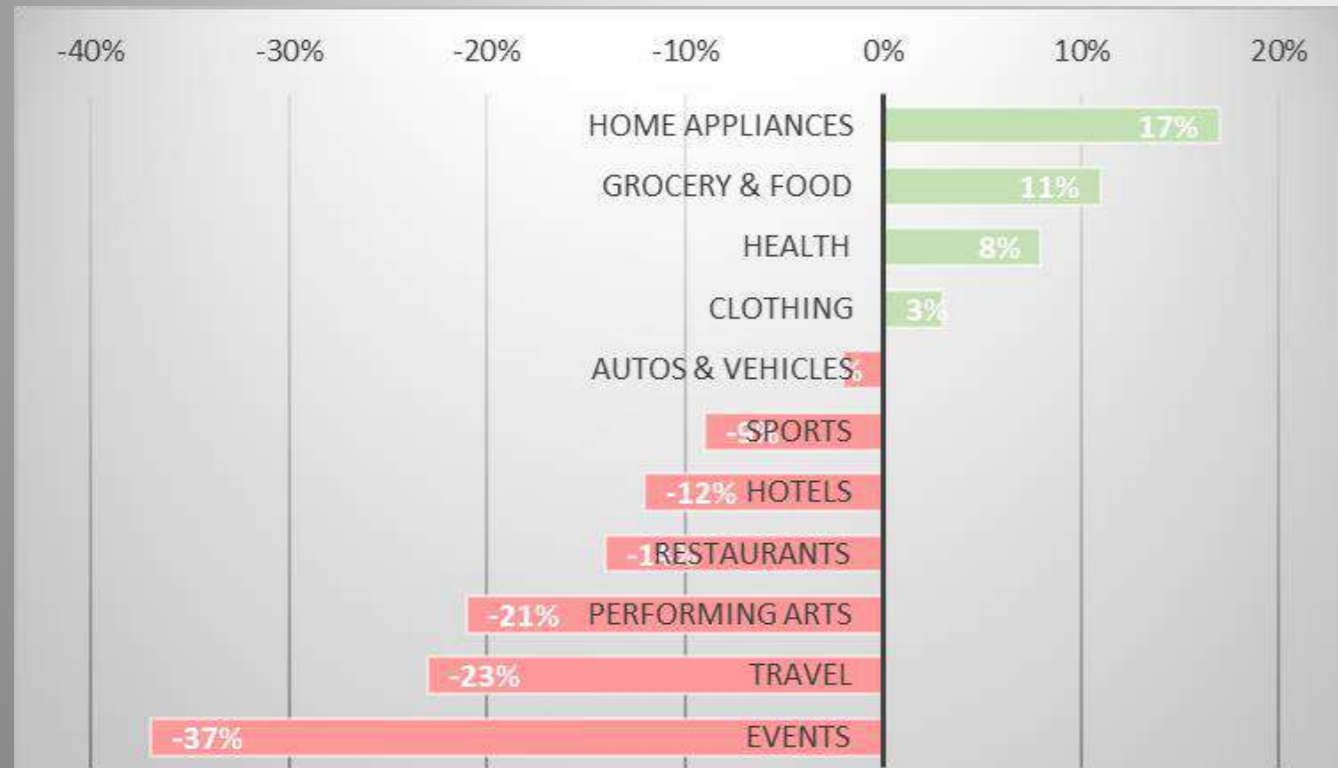
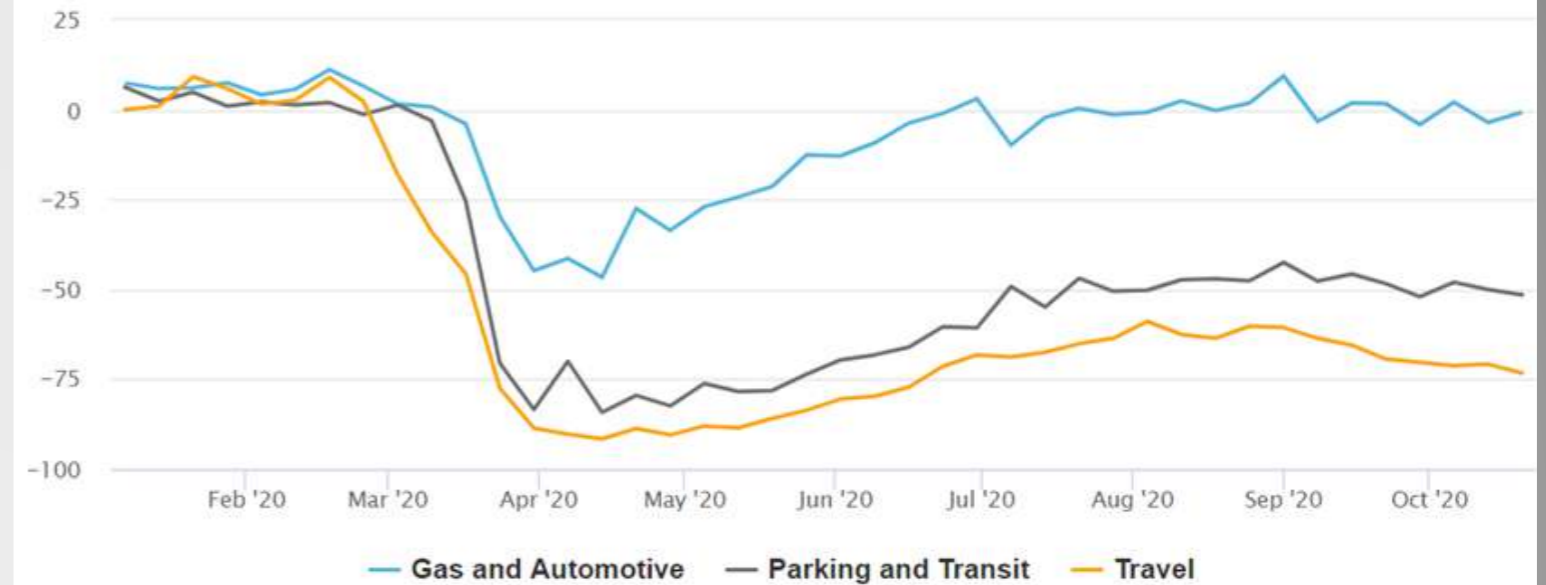
year over year change in debit & credit card spending



Travel spending continued to decline

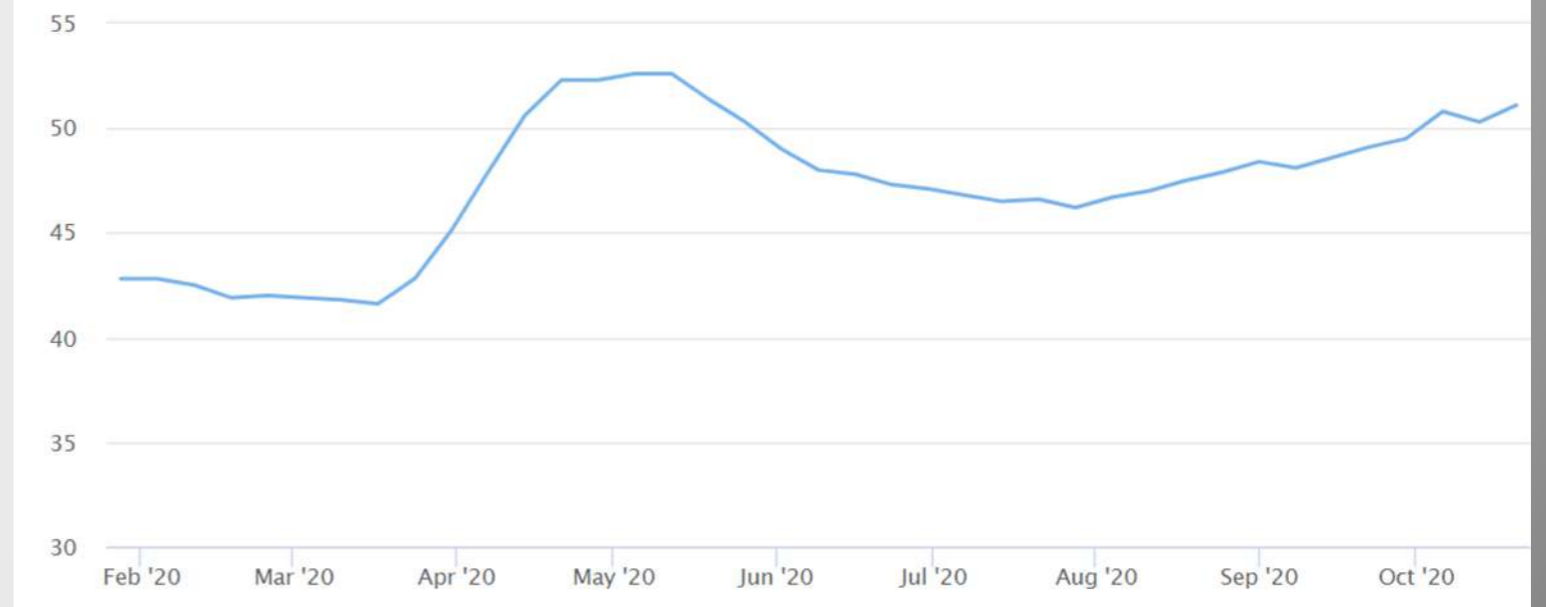
Year over year, % change

Canada / USA



Shoppers shifted online as COVID cases rose

Share (%) of weekly debit & credit spending done remotely (4-week moving average)

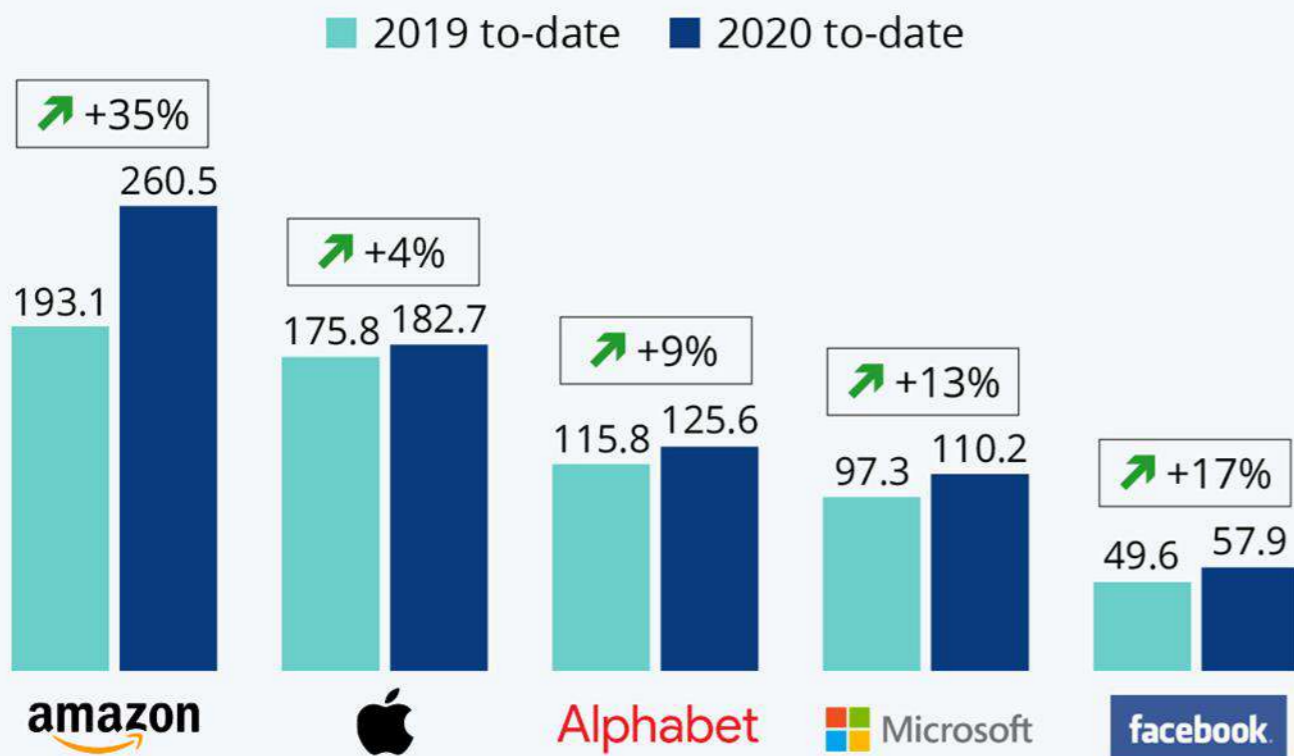


Overall spending stable, with shifts to online and replacements for recreational activities!

The global situation – losers and winners

Tech Giants Shrug Off COVID-19 Crisis

Revenue of selected tech companies in the first nine months of 2020 vs. 2019 (in billion U.S. dollars)

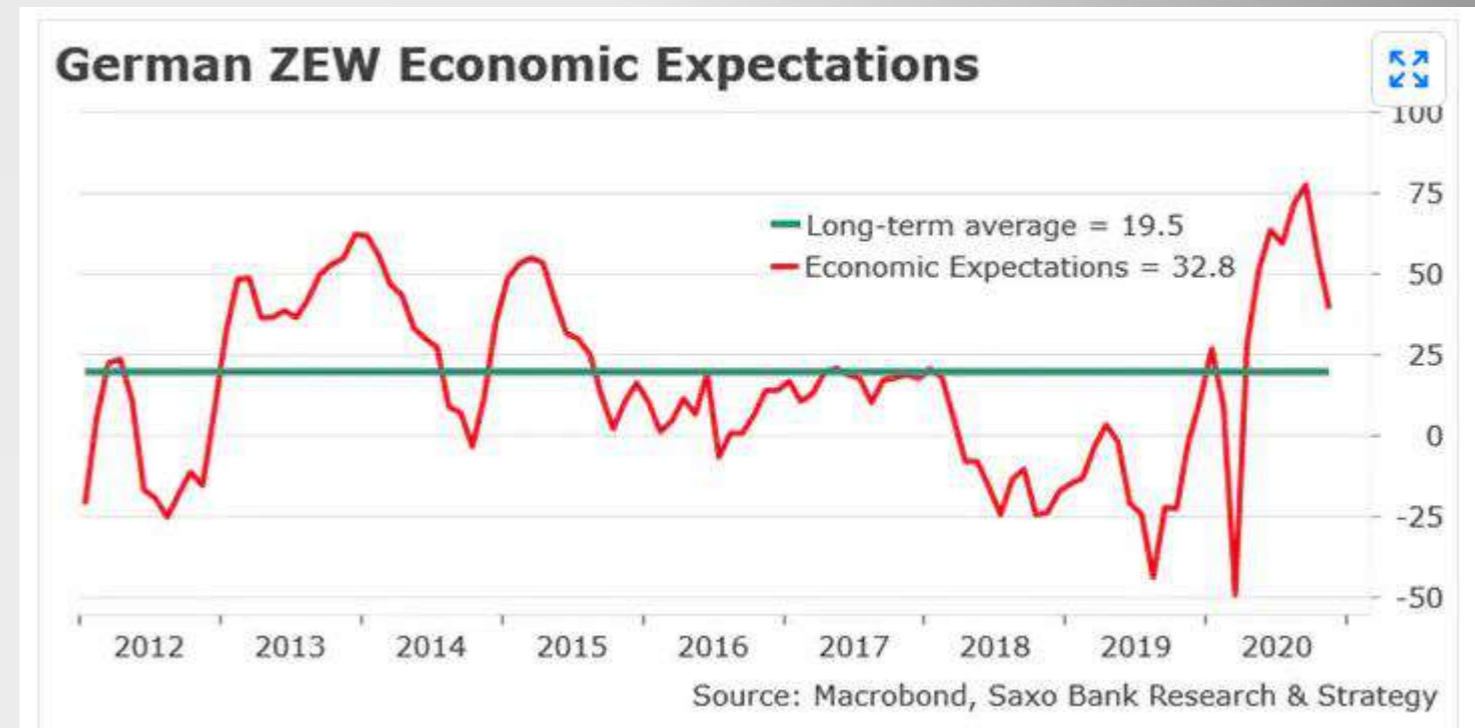


Source: Company filings



statista

Economic Expectations Germany (Nov 2020)

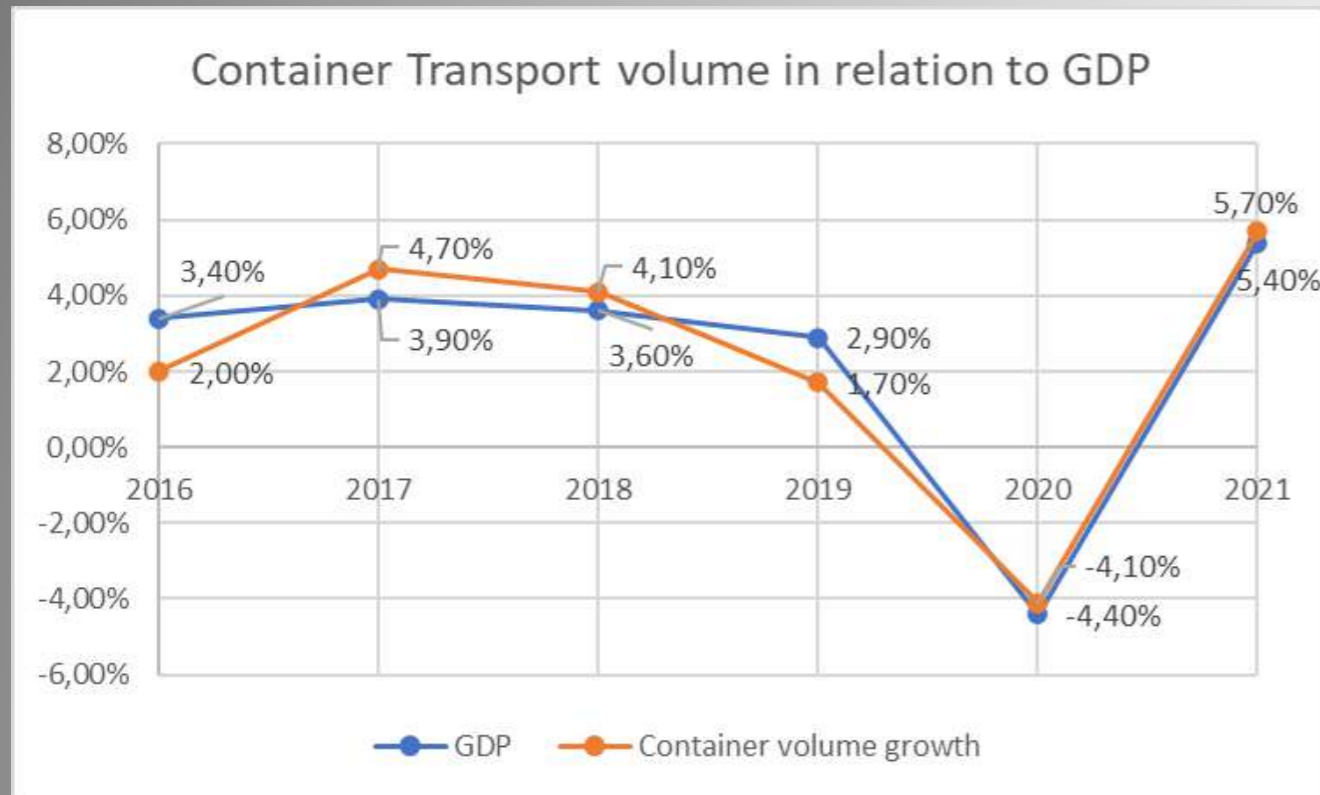


The WTO sees in 2020 a trade growth between -12.9% to -9.2%; UNCTAD -7% to -9%

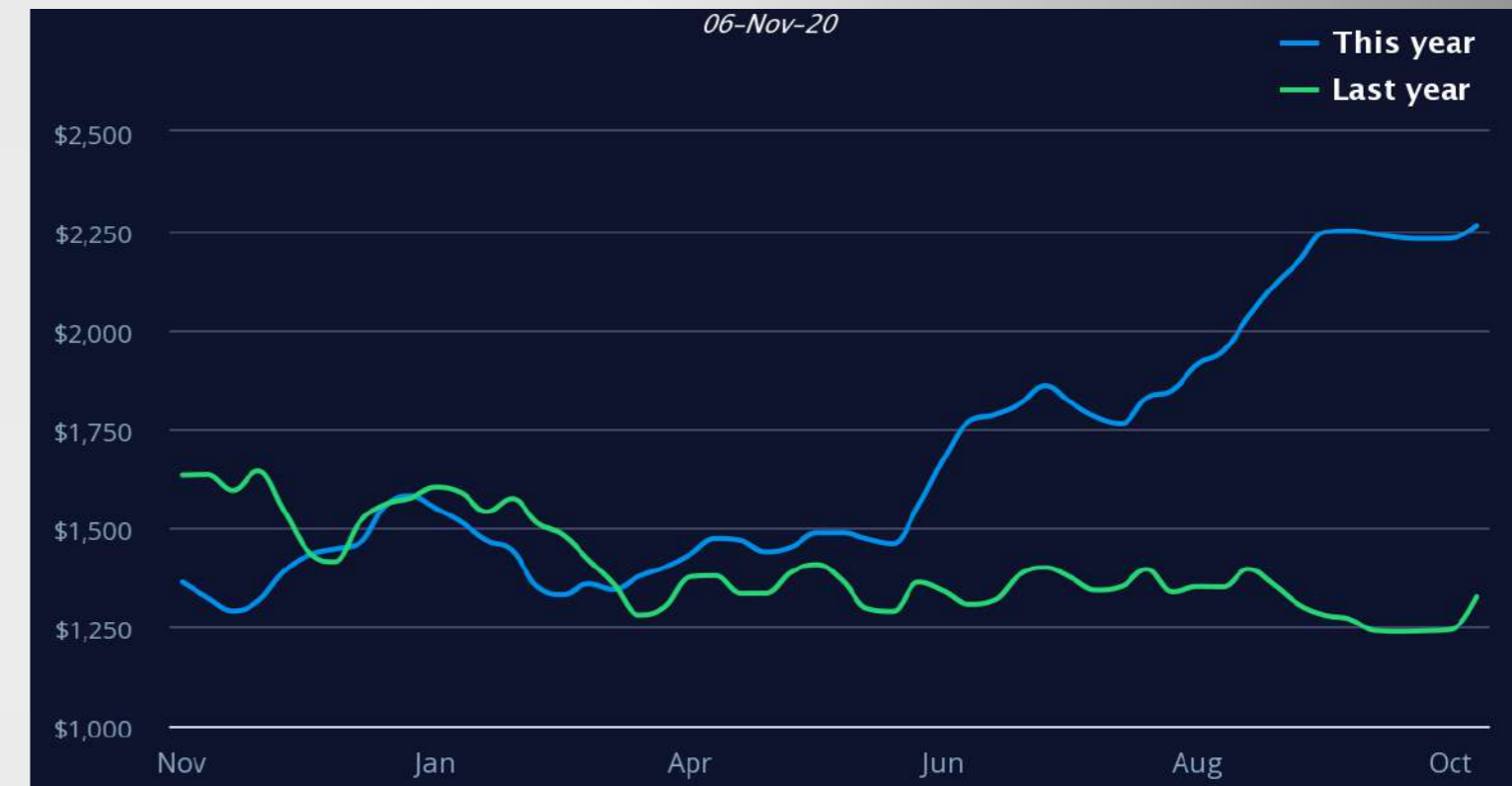
The pandemic is massively changing our behaviour!
How sustainable is this shift?

The Maritime industry

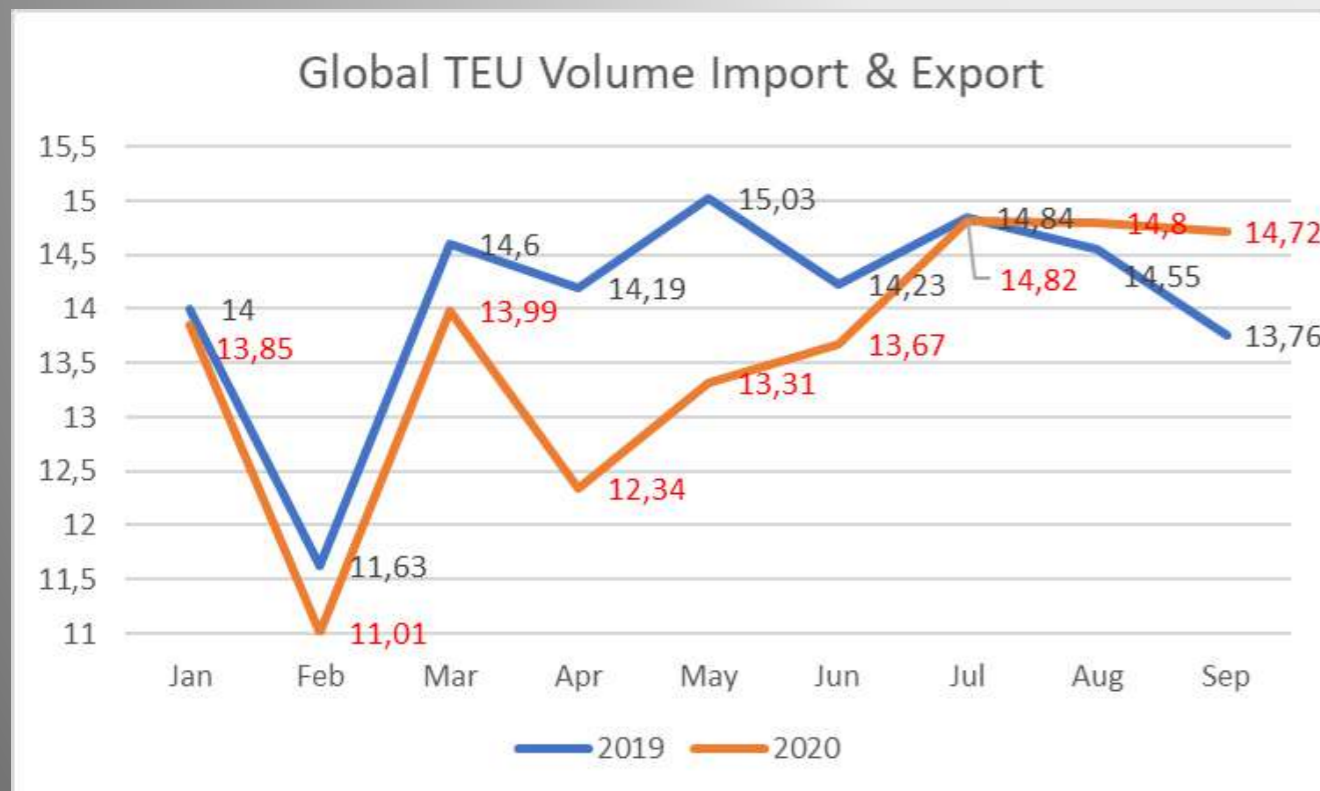
Global Volume in 2020 – 4%



Freightos Baltic Index – Global Container

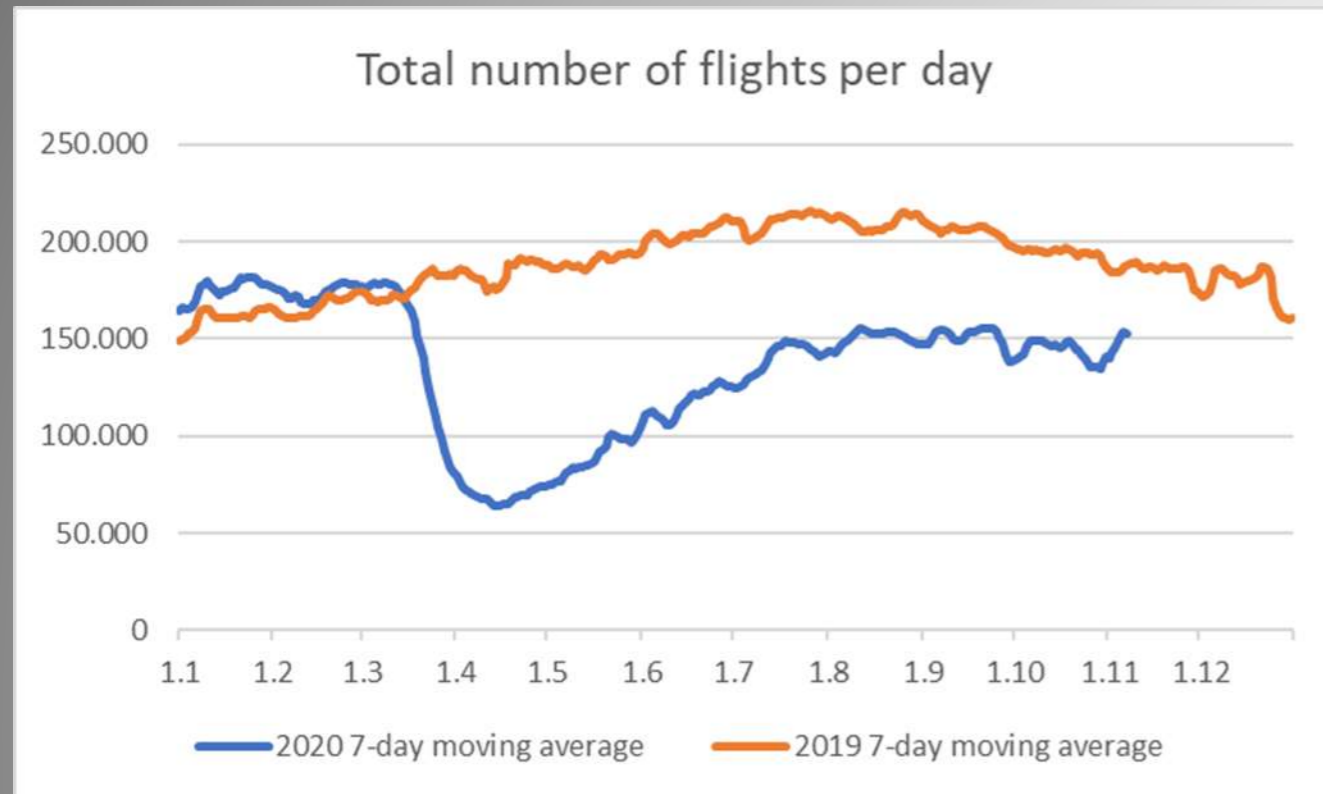


Source: Freightos Baltic Index

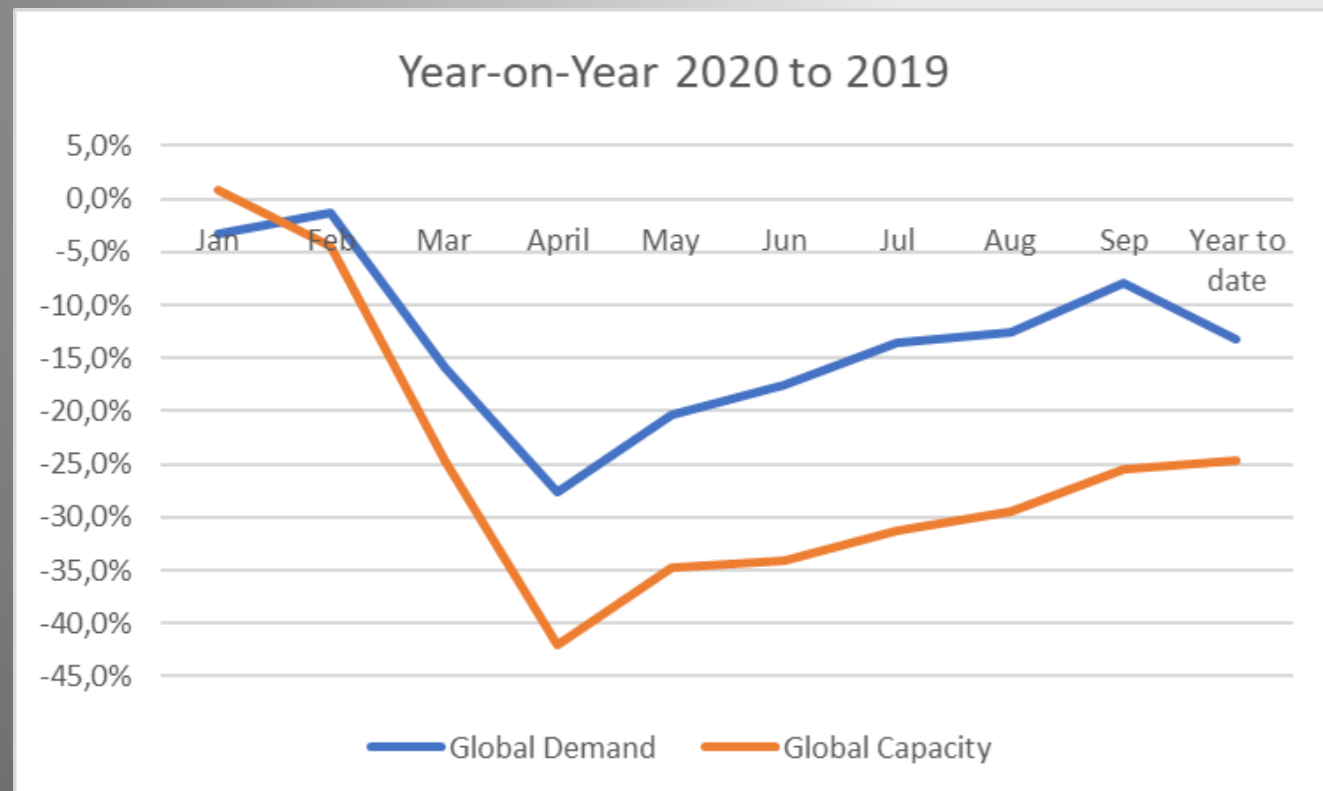


The maritime Supply Chain reacted very flexible to the new situation, supported by the strong rebound in Chinas industry. With increasing freight rates the industry is healthier then ever!

The Air Cargo industry



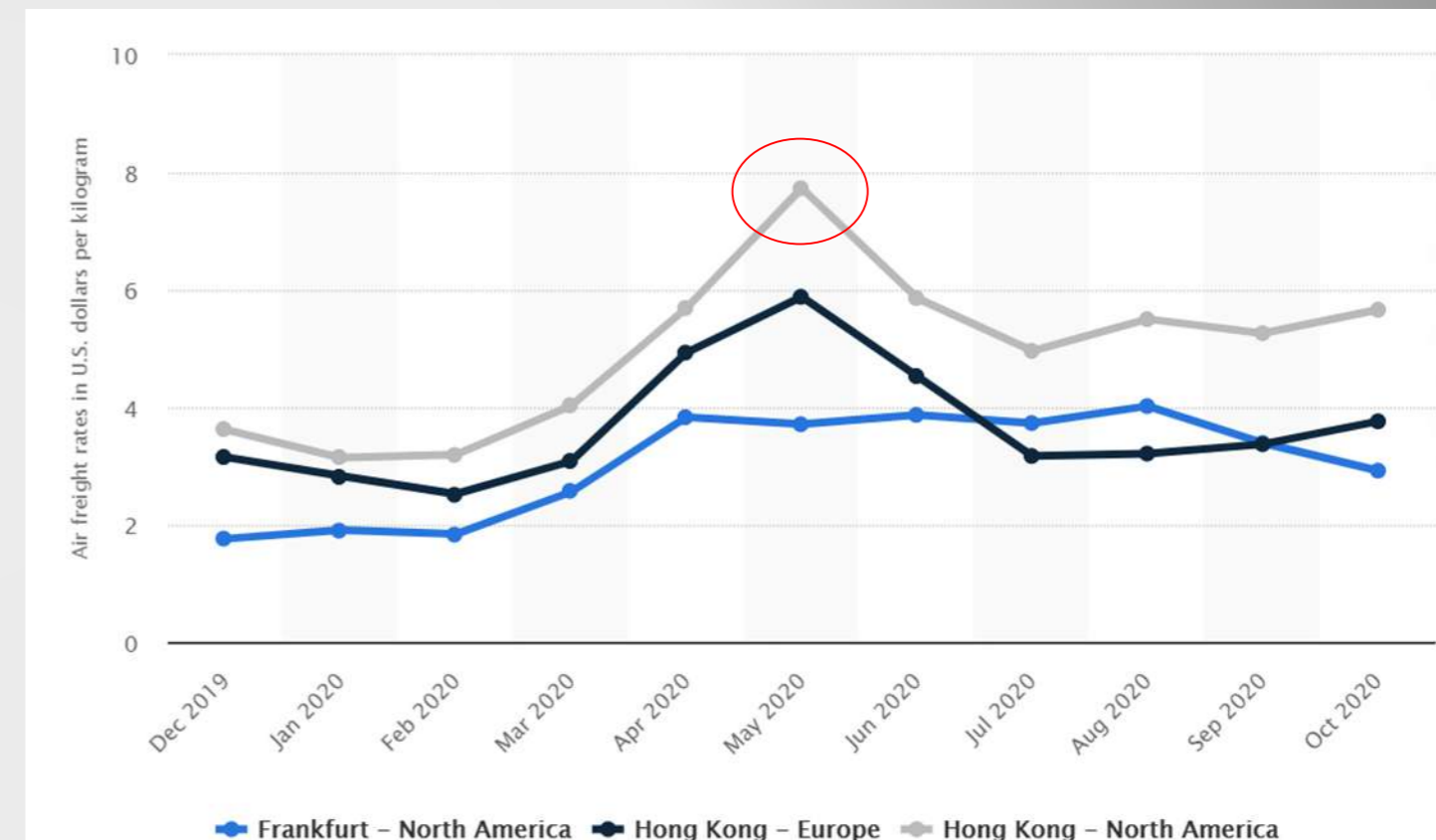
Source: Flight Radar24



Source: IATA Air Cargo Market Analysis

Global Volume in 2020 – 15%

Impact of coronavirus on major global air freight rates between December 2019 to October 2020 (in U.S. dollars per kilogram)



Source: Statista

The air cargo industry is under immense pressure. The demand is increasing, but we have a gap in capacity (mainly belly cargo). Is the industry ready for vaccine transports?

Land freight

Goods road transport forecast losses (USD, by region)

2020 forecast versus 2019

June report
-643 Bn

November report
-679 Bn

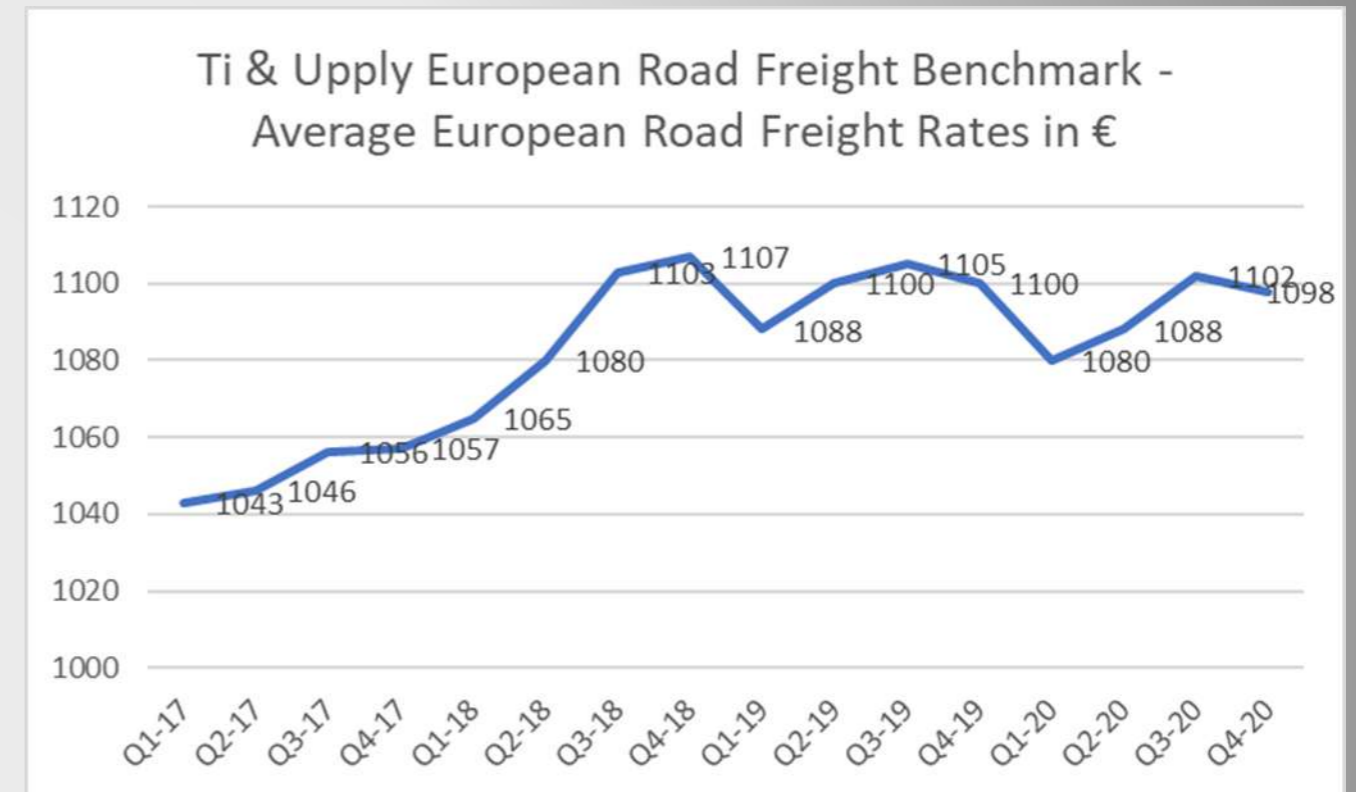
down
-18%

Breakdown into regions (USD, by region)

Asia Pacific	-20%	-379Bn	↑
Europe	-20%	-125Bn	↓
Middle East	-22%	-23Bn	↔
Africa	-11%	-7Bn	↔
North America	-12%	-84Bn	↔
South America	-20%	-34Bn	↔

Source: IRU Intelligence Report

European Volume in 2020 – 7%



Source: The European Road Freight Rate Benchmark, Ti & Upplly

Even lower operating costs will not save this industry! It is expected that Road transport operators face a wave of bankruptcies!

COVID 19 influence on Supply Chain trends and parameter



- Digital transformation of SC ↑
- Restructuring global value chains ↑
- Supply Chain sustainability ↔
- Logistics skill shortages ↔
- Supply Chain collaboration ↑
- Reduced risks / increased resilience ↑
- Growth of online retailing ↑
- Application of 3D – printing ↑
- Inventories ↑

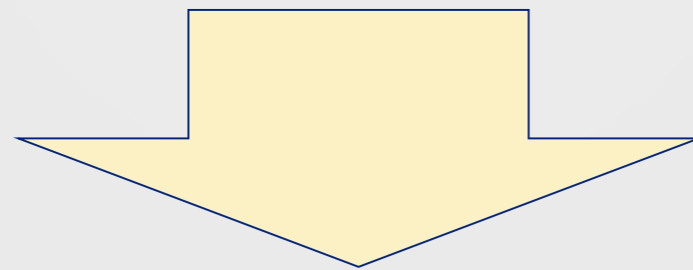
How likely is it that the COVID crisis will:

- Reverse globalisation?
- Promote reshoring / near-shoring of production?

Conclusion



- Logistics is seen as an essential sector during the pandemic
- Tendency to home delivery strengthens the importance
- Logistics will play a major role in the global distribution of a vaccine
- But it is a 'Herculean effort'
- Has the relative bad image in the society of working in the logistics industry really improved?



Logistics is the prerequisite to create a better life !!



Thank you!

DR ROLF NEISE

CONTAINER LOGISTICS

THE ROLE OF THE CONTAINER
IN THE SUPPLY CHAIN



<https://www.koganpage.com/product/container-logistics-9780749481247>