

**Covid-19**



# Market Watch: Transport Industry Bulletin

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# Introduction



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Senior Advisor

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As an island economy, our economic prosperity is heavily dependent on the reliability of the global transport networks to consistently source key materials from suppliers and in turn ship the finished goods to customers.

The COVID-19 crisis has brought extraordinary uncertainty to this transport network leading to delays and added costs to businesses across Europe. The challenge is even more stark when you consider that the transport of medical supplies and other essential goods also relies on the same network.

We have seen many governments relax restriction on operating lorries e.g. rest times and operating during weekends. In parallel, we have also seen countries tighten frontier controls in an effort to contain the spread of the coronavirus. Amongst all this uncertainty, our Transport Bulletin has been designed to give clear actionable insights into what is happening globally and to allow you as a business to mitigate some of this risk.

Enterprise Ireland also maintains access to key expertise in Transport and Supply Chain to assist companies with their COVID-19 challenges. If you are interested to learn how we can support you further, contact the Business Response Unit at Enterprise Ireland.



# Introduction



**Ladislav Muller**

**Lead Market Advisor**

**Transport**

The COVID-19 pandemic and subsequent measures introduced by national governments had an immediate impact on movement of goods and people across the globe. Shipping products, ordering components and packaging, or travelling to meet customers is facing unprecedented restrictions and challenges.

The Transport Bulletin provides insights from Enterprise Ireland's market advisors and industry experts across the world. Our aim is to bring you a practical overview of freight transport conditions from different markets. Understanding limitations of supply chains, challenges facing airlines and truck companies or various restrictions will help all users of transport - from small business owners to executives of manufacturing companies – plan delivery times, deal with smaller capacity, increased prices or consider alternative sourcing. We have included an overview of external resources which you can access for further updates in this volatile situation.

Enterprise Ireland overseas offices are here to support you, help you navigate the challenges and address your concerns. Contact details of our market advisors are listed at the end of this report.

We would also like to invite you to explore resources of the Enterprise Ireland Market Research Centre that offers access to market intelligence in the form of company, sector, market and country information needed to explore opportunities and compete in international markets.



# UK & Europe

## AIR FREIGHT

- Capacity is very tight since the global passenger fleet was grounded. Freight is still flowing but Enterprise Ireland industry contacts report that inbound routes to Europe are about 4 times the usual price. Other routes are up to 10 times more expensive. However, this situation is short term because airlines have thousands of grounded planes which are expected to be deployed as 'passenger freighters', i.e. wide body passenger aircraft with 30,000 kg cargo capacity flying with full cargo & no passengers. Prices will remain high but capacity will match expected lower demand.
- Most European countries have limited passenger flights by closing borders and introducing quarantines on new arrivals.

## ROAD FREIGHT

- Road freight companies face significant challenges. Partial or full land border closures are impacting cross-border road freight in many regions around the world. Even where borders remain open, extra border checks have become more common. In some countries, state-of-emergency or lock-down measures are causing local pick-up delays, delivery delays and capacity constraints.
- Full Truck Load (FTL) haulage, i.e. where shipment takes up an entire truck and is not transferred during transport, has no problem with capacity. About 50% of the EU trucking fleet is now parked up at home. However, the usual practice of charging per kilometre one-way that road freight companies use no longer function due to low demand. Instead, hauliers will charge the full return journey because there is no certainty that they will get a backload. These backloads are usually gained on platforms like RAAL, Timicom etc., but they are only useful if there is full demand. In effect, shippers pay twice the price now. Intra-Europe Groupage, i.e. combination of shipments from more shippers, experiences major demand issues as factories close. In order to cover their fixed costs, road freight companies have already increased pricing by about 10%.

## OCEAN FREIGHT

- According to industry experts, a major issue with ocean freight since January 2020 has been demand. As China closed down, 70% of the sailings due to leave China did not leave. The result is that there is very little equipment (20 & 40 foot containers) in Europe and as a result, lots of scheduled sailings are still being blanked/halted as demand is still low. This situation will take a long time to get back into balance. In Europe, ocean freight faces constraints throughout the coming month, especially along routes connecting with Middle East, Indian Sub-Continent and Oceania regions.



# North America

## AIR FREIGHT

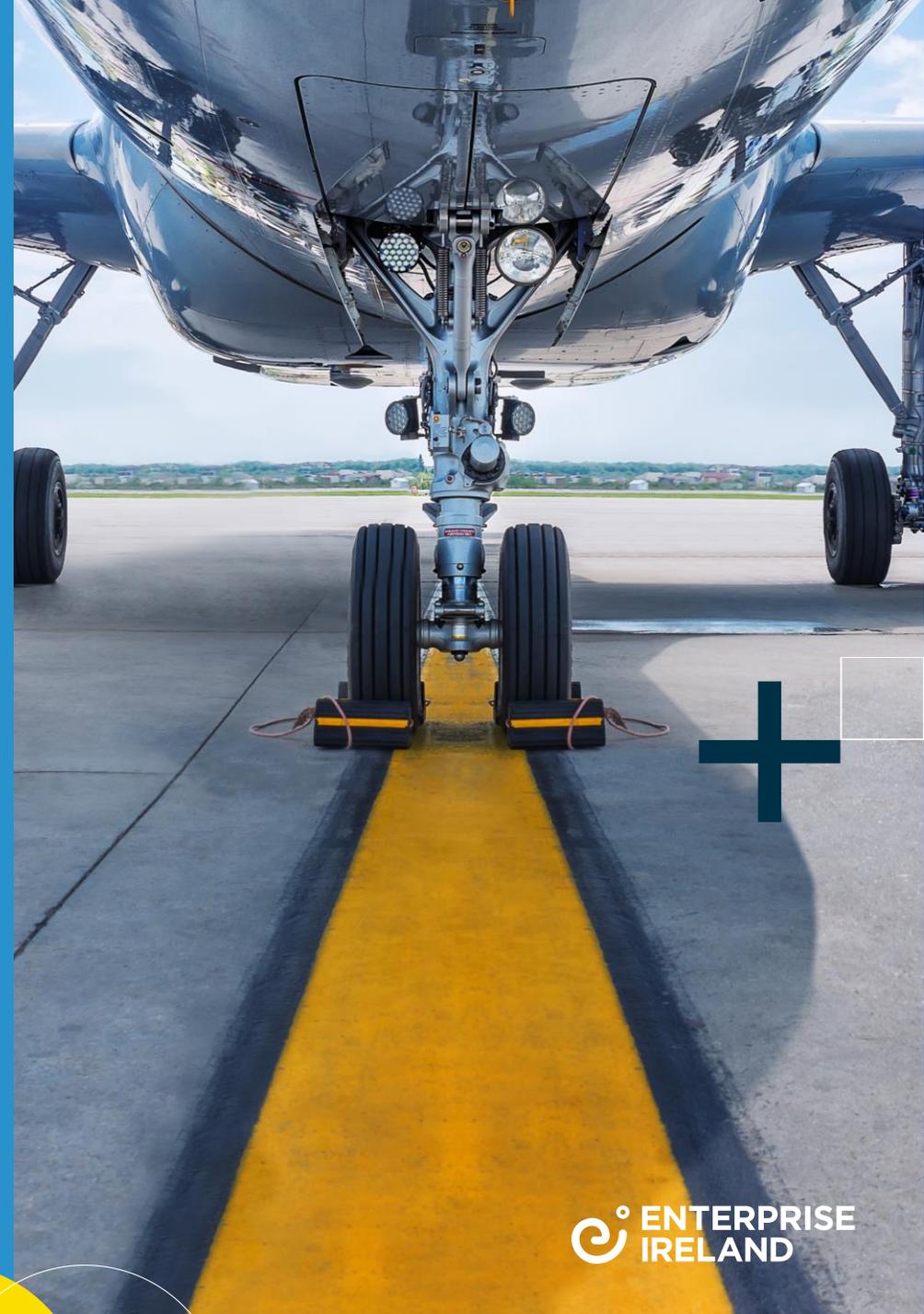
- Passenger flights have been seriously affected due to travel restrictions. Cargo has been a substitute on passenger flights in addition to freighters. Airports operate normally for cargo, but reduced manpower and government measures cause capacity constraints for freight forwarders.

## ROAD FREIGHT

- Railroads are considered critical infrastructure by the US, Canadian and Mexican governments and operate normally.
- All trucking has been recognized in United States as “essential” business and interstate truck drivers are exempt from mandatory 14-day quarantine policy issued by some States. The US borders of Mexico and Canada are partially closed to non-essential travel but are open to commercial trucking transport. Trucking is normalized within city limits, except for delays in New York City.
- U.S. Customs has noted efficiency delays due to reduced manpower in New York, Boston and San Diego. Transits between cities are operating as normal except within the State of California, specifically Los Angeles, San Diego and San Francisco.

## OCEAN FREIGHT

- America has been experiencing capacity constraints and equipment shortages for exports as well as a host of rate surcharges for equipment repositioning and other costs. In the USA, Enterprise Ireland clients have reported delays on water due to halted/blanked schedule and production halt in Ireland. Airfreight remains an alternative for availability and timing of delivery; however, costs are rising to as much as 4 times compared with pre-COVI-19 situation.
- Los Angeles and Miami have depots either closed or restricted and logs show shortages of containers. Most remaining U.S. ports are open, experiencing on slight efficiency delays due to reduced manpower and low to moderate shortages of containers. Ports in Philadelphia, Boston and New York have in general not experienced delays or shortages of containers.



# Asia Pacific

## AIR FREIGHT

- With China showing signs of recovery and close to full production at the end of March, an increased number of freighter flights in the market are helping ease the outbound China capacity strain. While passenger flight capacity is still squeezed, freighter capacity is now 1,300 tonnes higher than the same period last year. Industry insiders are expecting short-term capacity shortages and considerable increases to spot price rates both inbound and outbound Europe/US. There are knock-on effects in other regions.
- Currently, most of airlines in China decreased their passenger capacity by 90%, while cargo transport has been reduced to 50% capacity. IATA predicts that the Cargo Freight can resume 80% of the norm by July, while passenger traffic can regain recovery momentum by Q3 when the Covid-19 impact is reduced. Upon arrival, some regional restrictions still apply, most areas still accessible- with restrictions in Wuhan greatly relaxed.
- Japan, South Korea and Australia introduced moderate measures to combat COVID-19, deliveries are achievable and largely unaffected. New Zealand is in partial lockdown measures, but delivery networks are considered of key importance. Singapore is imposing self-isolation and Singapore Airlines grounded almost all of its fleet (138 out of 147 aircrafts), Malaysia is in partial countrywide lockdown and closed its borders to visitors through the end of March to visitors. Philippines introduced partial countrywide lockdown, Vietnam suspended international flights. Thailand may introduce further restrictions. In Indonesia, linehaul services & deliveries are largely unaffected but some regional restrictions apply.

## OCEAN, RAIL & ROAD FREIGHT

- Ocean freight carriers are currently operating at reduced capacity, but most ports are operational. There is a shortage of reefer containers in ports, and trucking is at less than full capacity. Shipments from Europe and America experience delays caused by lack of equipment (containers).
- Many countries in Asia closed their borders or restricted transit for road transport. Emergency supplies and food are usually accepted. Connecting rail transport between Europe and China works well, cargo space is tighter westbound than eastbound.



# Middle East, Africa and India

## AIR FREIGHT

- Widespread travel restrictions in the Middle East region have reduced capacity largely to freighters in markets across the region. Some airlines announced a temporary halt on all passenger flights, while others had introduced flights to selected destinations including India, Thailand, Singapore, Philippines, Indonesia, South Korea and other places where borders remain open for cargo. The current freighter schedule will also include additional flights into Riyadh, London, Hong Kong and Shanghai. Passenger flights have been temporarily stopped to and from Jordan, Kuwait, Saudi Arabia and Qatar (although flights are still transiting through Doha).
- Turkey stopped passenger flights and is restricting cargo.
- South Africa has gone into total lockdown since Thursday 26th March. Ghana and Kenya have suspended entry to visitors from countries with confirmed COVID-19 cases, Uganda has travel restrictions in place with 16 countries. Egypt have suspended flights from all airports, following a similar move by Morocco which also partially closed land borders with Spain.
- India introduced countrywide 'absolute' lockdown that has been extended till May 3. Deliveries to and from India are facing significant delays. In Pakistan, some regional restrictions apply, but most areas are accessible.

## OCEAN, RAIL & ROAD FREIGHT

- Similar to other regions, carriers operate at reduced capacity, but most ports operational with shortage of reefer containers.
- Rail freight operates generally unaffected.
- Road transport is affected by various customs and clearance policies in the Middle East as well as policies on movement of people. For example, Saudi Arabia introduced health screening of drivers and restricted trans shipments (except food and other essential products).



# Information resources

## GLOBAL TRANSPORT UPDATES

- AGILITY Global Shipping Updates (see [here](#))
- EU and non-EU Member States Transport Measures (see [here](#))
- World Bank: Trade and COVID-19 (see [here](#))

## AIR TRANSPORT

- IATA: Government Measures Related to COVID-19 (see [here](#))

## ROAD TRANSPORT

- Sixfold: Interactive Map of Truck Border Crossing Times (see [here](#))
- IRU Transport Updates (see [here](#))
- American Trucking Association (see [here](#))
- Federal Motor Carrier Safety Association (see [here](#))

## OCEAN TRANSPORT

- EMSA COVID-19 Member State Measures (see [here](#))

## GOVERNMENT SUPPORTS

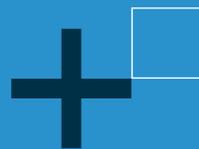
- OECD Country Policy Tracker (see [here](#))
- UK Government Supports (see [here](#))
- US Government Supports (see [here](#))

## SUPPLY CHAIN

- McKinsey & Co: 'How to restart and rebuild Supply Chains' (see [here](#))
- McKinsey & Co: 'Supply-chain recovery in coronavirus times' (see [here](#))

## MARKET RESEARCH CENTRE

- Please contact the Enterprise Ireland Market Research Centre at [market.research@enterprise-ireland.com](mailto:market.research@enterprise-ireland.com) for additional information and industry reports.





# Thank You.



Enterprise Ireland is the government organisation responsible for the development and growth of Irish enterprises in world markets. We work in partnership with Irish enterprises to help them start, grow, innovate and win export sales in global markets. In this way, we support sustainable economic growth, regional development and secure employment.

Learn more at [www.enterprise-ireland.com](http://www.enterprise-ireland.com)

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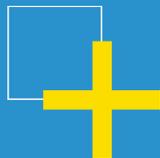
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## **Middle East, Africa and India**

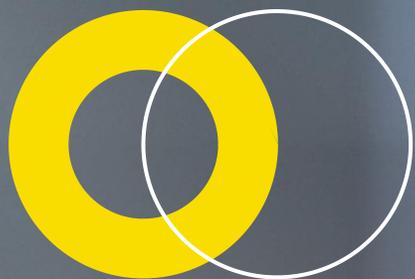
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