

SUMMARY OF PRESENTATION

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The Impacts of COVID-19 on Logistics, Shipping and Ports: Singularity or New Normal?

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Each crisis reveals the weaknesses of a system and tests its resilience. For the logistics, ports, and maritime shipping industries, COVID-19 resulted in a global recession as the demand for goods and services declined and, at times, shifted to new patterns. The pandemic fundamentally challenged the direction of future trade flows and trade agreements, including the stability of global financial institutions, growth prospects, the reliance on foreign trade, the scale and scope of government economic interventions, and widely applied logistics concepts such as just-in-time.

COVID-19 presents new and unprecedented impacts on global supply chains and the port and shipping industry supporting material flows and has been unfolding in several phases. The first phase in early 2020 consisted of a supply shock in China where lockdown measures resulted in a de facto extension of sharply decreased Chinese production during the New Year's period. The second phase began in mid-March 2020 and consisted of a (global) demand shock with backpropagation effects along supply chains. Various lockdown measures implemented across the world resulted in a decline in global derived demand because of lower consumer and industrial confidence and limited retail activity. Service activities associated with the provision of transport services, such as tourism, almost vanished in the first half of 2020. In the third phase unfolding in the second half of 2020, many regions began relaxing COVID-19 measures with most economic sectors resuming activity despite the occurrence of a second wave in many countries.

It remains uncertain as to what extent the demand that was deferred will resume, as savings and capital are diverted away from discretionary demand. New local outbreaks, particularly in developing economies, and the resilience of infection rates in countries already deeply impacted, have incited new forms of restrictions on economic and social life. This further lowered the chance that initial deferred demand will turn into actual demand. Maritime shipping and terminal operations are a derived demand. A sudden drop in demand has an immediate impact on their activity levels and alters corporate strategy and market structures.

The presentation focuses on the main implications of the COVID-19 pandemic on container ports, terminal operators, and shipping lines. It investigates the temporal and spatial sequences of the supply and demand shocks of COVID-19 and compares these events to the prior 2008-09 financial crisis. The presentation tries to assess if the pandemic can be considered a singular event or if supply chains, ports, and the shipping industry have been irrevocably altered.