**How has the Covid-19 crisis hit the transport and logistics industry in your country and what are the key challenges?**

The pandemic is still evolving in Bangladesh and at present the rate of infections have been soaring (news report attached). While all the industries have been impacted, the transport and logistics industry has been impacted quite severely given the fact that government imposed general public holidays from March 26 to April 25, 2020 which can be further extended as the situation seems to be becoming more and more threatening every passing day. To stop the spread of virus, apart from general holidays, Bangladesh Government has also declared a shutdown of public transport - via water, rail and on domestic air routes from March 24 while all public transport on roads has been suspended from March 26 to stem the spread of virus till April 25, 2020. As such, majority of economic activities have come to a standstill.

However the Port operations are waived from this restriction as directed by a circular issued by the Director General, Department of Shipping stating that “shipping services are required to remain operational so that vital goods and essential commodities like fuel, medical supplies, food grains etc., are delivered in a way that the economic activity of the nation is not disrupted.”

Despite the directive, as most of the offices are also closed since March 26 and people are panic-stricken, there has been a demand shock in the transport and logistics industry. The panic created amongst the shipping community has more recently created a transport vehicles crisis that has further slowed down the delivery of import-laden containers by feeder vessels resulting in importers not taking delivery of goods on time. This restriction is impacting delivery of all goods except daily commodities, emergency medicine, and service-related materials. This has also caused acute container congestion inside the port container yards. Please find attached recent news report confirming same.

Vessels carrying essential dry bulk commodities and liquid bulk cargoes are discharging as usual by lighterage vessels at the Chittagong Outer Anchorage and remain unhampered by congestion till now.

Moreover, the banks are also working in limited scales and as such the documents needed for releasing goods from the port are being processed by banks mostly for essential commodities and medical supplies leading to congestion in the ports of the country. Companies (expect the very trusted ones) are also not being able to open new Letters of Credit with the banks which are essential for importing.

Export oriented industries have had their shipments delayed since the outbreak. In case of the RMG (Ready made garments) industry which contributes to around 84% of the export revenue of the country worth USD 40 billion last fiscal year, received cancellation of orders amounting to around USD 3 billion until April 2020 - leading to severe negative impact in the outbound logistics industry. Bangladesh can be a perfect textbook case of how exclusively depending on a single export sector can put a country's economy under severe stress.

Any negative impact on the industry also affects the backward linkage industries – 450 spinning mills, 850 weaving mills and 250 dyeing factories – where some 1 million people are employed.

There are many more businesses and industries, like packaging and other accessories factories, related to the business of the garment sector.

The Aviation industry has also been hit very badly and could result in 11,600 job losses in the aviation industry in Bangladesh, according to an estimate of the International Air Transport Association (IATA).

The pandemic will cause a loss of USD 69 million from the GDP (Gross Domestic Product) which is supported by the aviation industry, according to the IATA projection.

IATA on March 23 sent a letter to Prime Minister Sheikh Hasina calling for providing both immediate and medium-to-long term assistance to the airlines and its employees.

Currently, the aviation industry is supporting 129,000 jobs and IATA was expecting 140,000 more jobs by 2038 amid faster growth of the industry.

But the coronavirus has caused the industry to stray from its growth curve, raising concern of a 9 percent job loss instead of new job creation, IATA says.

As such, the transport and logistics industry is going through turmoil with key challenges being the fact that many of the transport and logistics companies themselves are closed with employees staying home and at the same time there is a decline in demand for their services. These challenges will persist until the pandemic is contained which may take a long time.

**What are the lockdown effects on business relationships and business models?**

Due to the lockdown, we are seeing increased digitization in many companies. Companies are adopting “Work from Home” strategies and only handful of employees are required to be in the offices for essential activities. Many meetings and trainings are being conducted online. However, this is true for firms who have sufficient resources to support their employees with laptops and other digital devices. For many local companies, the offices are absolutely shut down with no online communications as well given they do not have the resources to implement the “Work-From-Home” strategy. As for business relationships, a major challenge companies are facing is due payment i.e. receivables which has generated from lack of sales of goods and services, lack of physical presence and processes in office, lack of complete banking etc. While deep-pocketed entities and companies with diversified businesses are somewhat intact, small companies are really suffering from a cash crisis and many are opting for drastic measures like major layoffs.

**To what extent have businesses and organizations been able to change their operational response already to manage through the Covid-19 period?**

The extent to which businesses have been able to change their operational responses depends on the industry in which the business operates. The manufacturing based companies have their production disrupted, distribution channels affected resulting in a crisis that they are yet to overcome. For example, in case of the RMG industry, the production is labor based and the factories are now shut down to stop the spread of the virus. For service based industries, the situation is better as many companies quickly adopted their “Work from Home” strategies. However, in Bangladesh, we still face challenges due to unavailability of superior data connection with high speed for many employees coupled with frequent load shedding also challenging the effectiveness of the Work From Home strategies.

**What help and support is being given by the Government, CILT and other trade bodies? How can B2B and CILT play a role in overcoming the Covid-19 challenges?**

The Government is actively trying to tackle the pandemic and has declared a stimulus package of USD 8.5 billion to help the businesses with financial support in the form of loans at a much less cost. The Cash-Reserve Ratio and Repo Rates in the banks have also been decreased to inject liquidity in the market. B2B and CILT can come up with policies and know-how of innovative and efficient logistics & distribution systems for businesses in Bangladesh in the post Corona era to help businesses save costs and time. This can help recoup major loss of funds in the first 2 quarters of 2020. Many corporations are coming up to donate food and other essentials to the people at the bottom of the pyramid who are bearing the sharpest brunt of the whole lockdown situation. B2B and CILT can also try to contribute some portion of their surplus funds to NGO’s and other social organizations who are working to supply food to the needy people of the country. In this light CILT Bangladesh has partnered with the social initiative 'Mission Save Bangladesh' to raise funds from our institute and to fight against the economic repercussion caused by Coronavirus (COVID-19) outbreak. “Mission Save Bangladesh” is an initiative of The Daily Star, Sheba.xyz and The Daily Samakal and working on:

• Providing groceries to underprivileged communities.

• Providing financial support for small businesses.

• Community-based activities (such as disinfecting common places, disinfecting homes, distributing required Coronavirus preventive materials etc.).

So far this project has helped over 2500 underprivileged families and efforts are underway to increase the number, by concerted efforts of all partners.

Most recently, on April 13 our Prime Minister Sheikh Hasina announced an USD 90 million assistance fund for informal sector workers facing unemployment due to ongoing public holidays observed to tackle coronavirus spread by social distancing. The announcement came during her nationwide address on the eve of Pahela Baishakh (Bengali New year), the first day of the Bangla calendar. She asked to make lists of day labourers, rickshaw and van pullers, motor workers, construction workers, newspaper hawkers, hotels and restaurant workers who became jobless due to the long vacation so that they can be given one-time cash assistance.

The ongoing COVID-19 pandemic is a humanitarian crisis and it is of utmost importance that maximum lives are saved through whatever support we can provide. If we are successful in that front, the economy will bounce back after the pandemic washes out and businesses will also be able to continue their regular course of actions.

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