

ITC SheTrades Webinar Series

Responding to the business impact of Covid-19



Thank you for joining! The webinar will begin in the next few minutes.



1. Connect to audio if you are using a desktop or mobile phone
2. Keep your microphone on **mute** to allow speakers to continue without disruption
3. The presenter will remain muted until the webinar begins, so don't worry if you do not hear anything before 15:00 (CET).



Webinar series

for SMEs searching for ways to cope with the stress of COVID-19, delivered by SheTrades partners and technical experts



Register now!

www.shetrades.com

#SheTrades

Covid-19 impacts on trade

Wednesday 15 April, 3 PM CET

Accounting Covid-19 in financial planning and projections

Monday 20 April, 3 PM CET

Crisis management/Contingency plans

Wednesday 22 April, 3 PM CET

New normal: how to address changes in consumer behaviour?

Wednesday 29 April, 3 PM CET

How are the trade lanes being impacted?

Wednesday 6 May, 3 PM CET

Managing cash flows in Covid-19 times

Wednesday 13 May, 3 PM CET



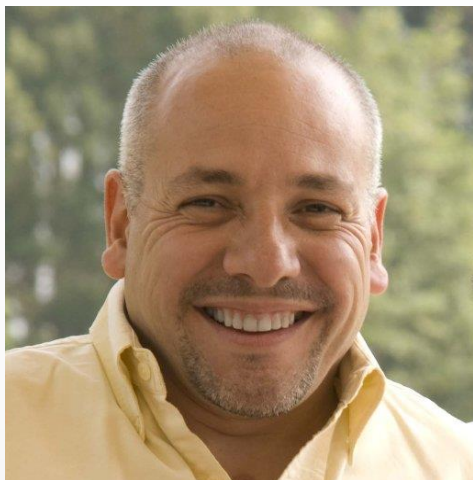
MAERSK



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Expert



Webinar 1: Covid-19 Impacts on Trade

Our Speakers



Maria Luisa Boyce
Vice President
UPS Global Public Affairs



Christina Struller
Vice President
Public Affairs – ISMEA, UPS



TRADE IMPACT
FOR GOOD



Impacts of COVID-19 on Trade: Changes in Regulations

We're all in this together: UPS can help Small Business navigate exporting

Agenda

Overview of COVID-19 and impact on economy

COVID-19 constrains capacity and disrupts supply chains

Export/Import regulation changes due to COVID-19

UPS supports global logistic needs

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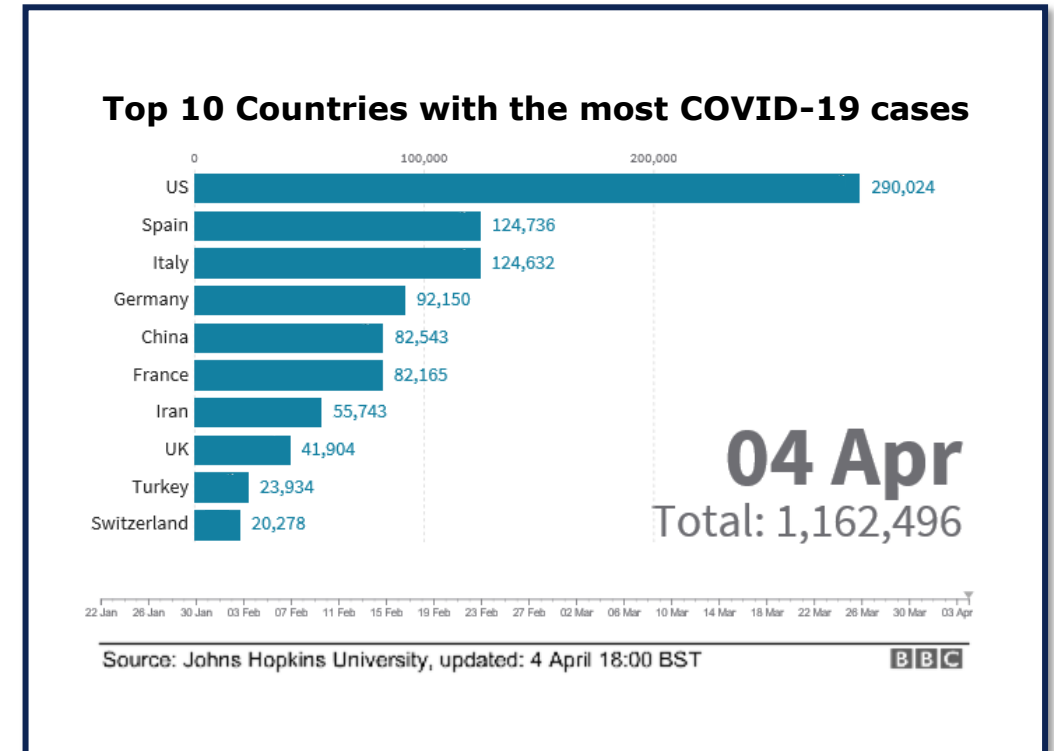
Coronavirus: a global pandemic

The Situation

- On March 11th, the World Health Organization (WHO) declared the global outbreak of Coronavirus a pandemic, meaning this contagious disease was passing easily from person to person in many parts of the world at the same time:
 - It took more than 3 months to reach the first 100,000 confirmed cases worldwide, but took less than 1 week for that number to double from 500,000 to 1,000,000

The Response

- Governments across the world have stopped flights, enforced lockdown, curfews, and social distancing guidelines on towns and cities, and urged everyone to stay home with the aim to limit the spread.



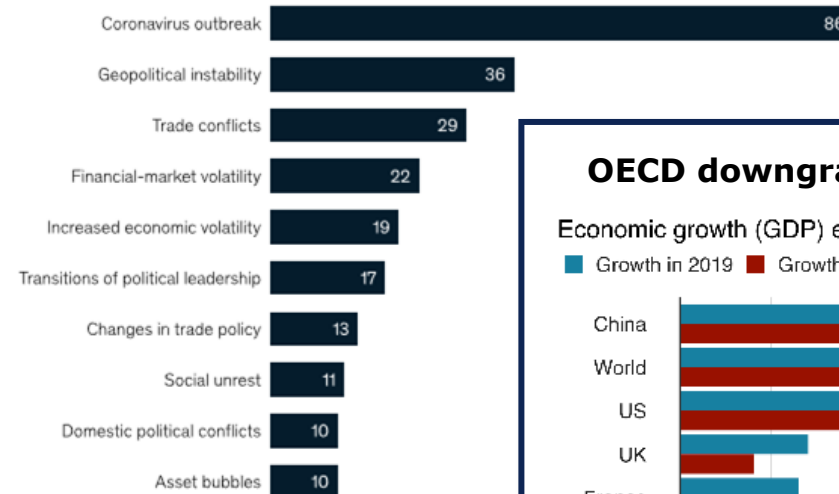
Coronavirus: growing impact on global economy

The Implication

- The virus is having significant economic impacts, as public health measures have severed the flow of goods, services and people, hit the financial markets, and threatened vulnerable industries like manufacturing, tourism, hospitality, and travel.
 - With more than 100 countries imposing travel restrictions, the travel industry has been hit the hardest.
- There is a domino effect at play, as global tourism, travel, and hospitality companies closing down affects SMEs globally.
- However, supermarkets and online delivery services have reported huge demand growth, as many consumers are stockpiling on food and essential goods.

The COVID-19 outbreak, a new risk, dominated the list of most-sited threats to global economic growth

Potential risks to global economic growth in the next 12 months, % of respondents¹

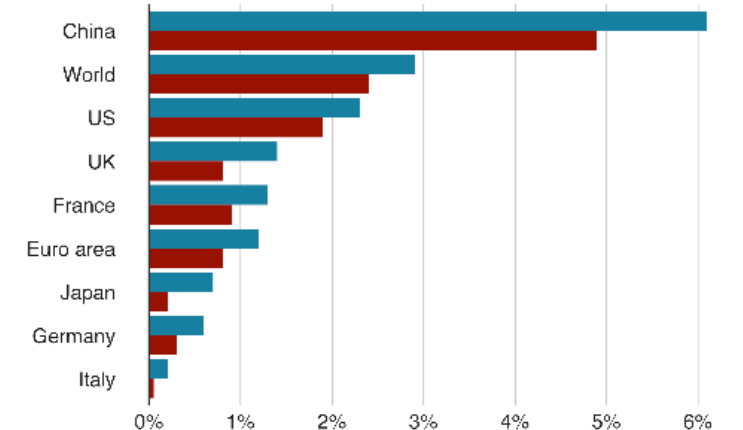


McKinsey & Co. ¹was in the field from March 2 to March 6, 2020. Out of 16 risks that were surveyed, "don't know" are not shown; n = 1,152.

OECD downgrades growth forecasts

Economic growth (GDP) expected to slow down in 2020

■ Growth in 2019 ■ Growth forecast for 2020



Source: OECD

BBC

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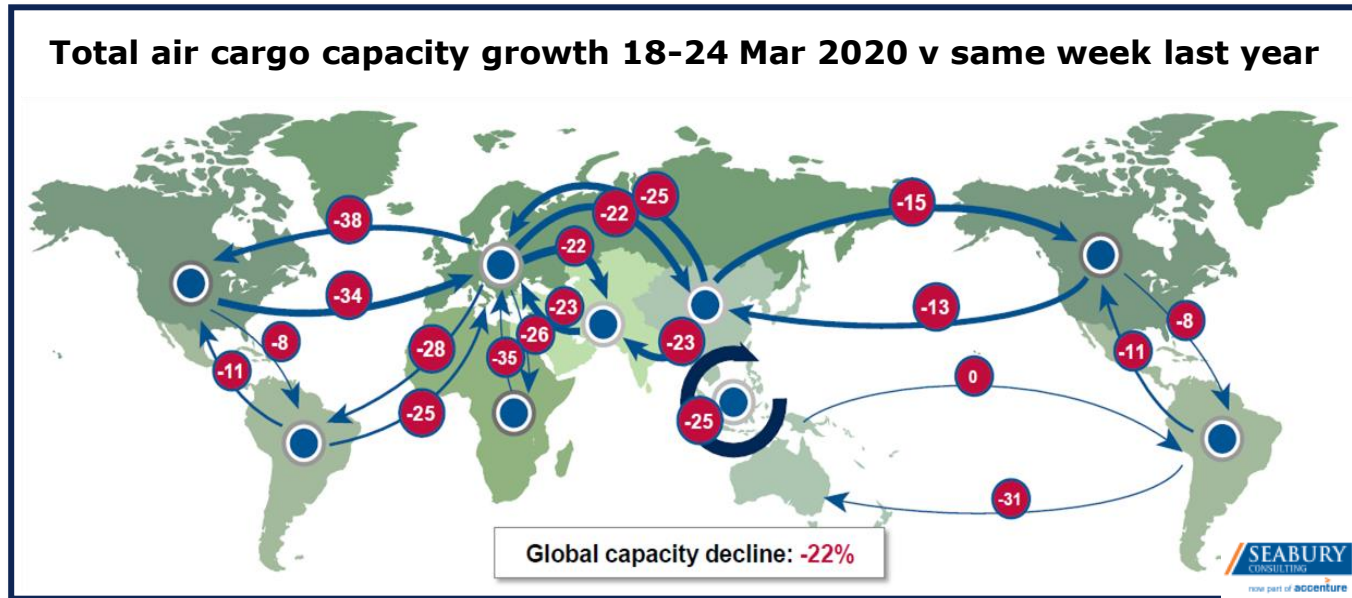
Coronavirus: global logistics update



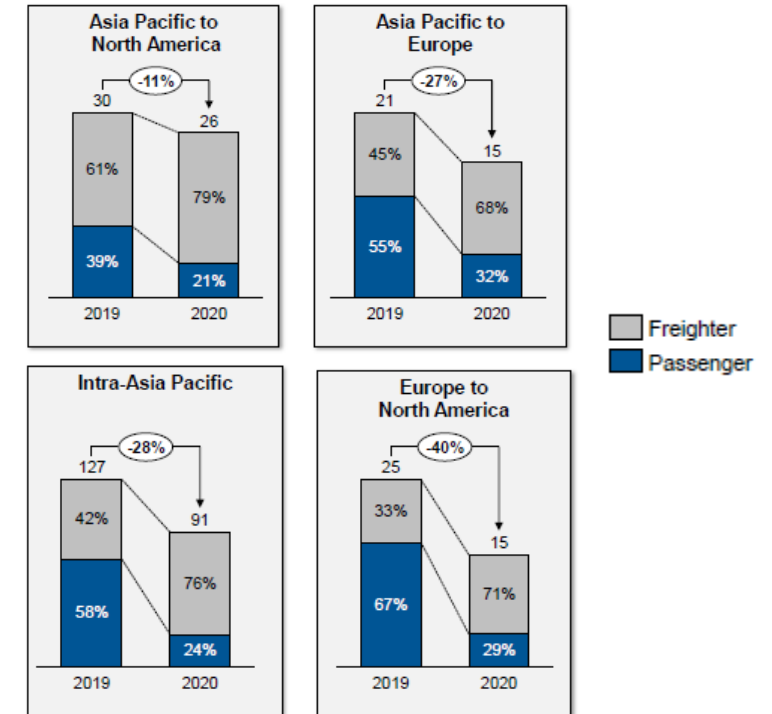
Impacts on sectors

- Strong demand from healthcare sector
- Consumer goods/retail customer impacts
 - B2B is decreasing
 - B2C is increasing
- Accepting nonessential goods
- Increased need for work from home support

Coronavirus: constraints on capacity



Inter-regional capacity comparison, 22-24 Mar 2020 v 24-26 Mar 2019



Trade Weakens

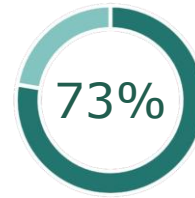
- Globally, travel bans has reduced air cargo capacity by 22%, a decline that is expected to continue
- As passenger flights decline, freighter now account for about 75% of capacity on all key trade lanes

Coronavirus: disruptions to supply chain

Supply Chain Effectuated

- Customer survey conducted by UPS Market Research & Consumer Insights found:
 - 90% of shippers are seeing negative impacts to their supply chains
- However, very few companies are taking active measures to mitigate these issues

Major areas of supply chain impacted



Inability to Replace
Supplies/Inventories

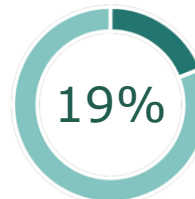


Manufacturing
Partner Shut Down

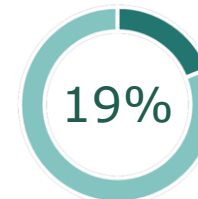


Third-party Distribution
Disrupted

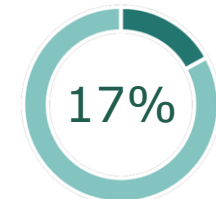
Industries taking action



Distribution/
Fulfillment Partners



Manufacturing
Partner



Parts/ Input
Suppliers

Agenda

Overview of COVID-19 impact on economy

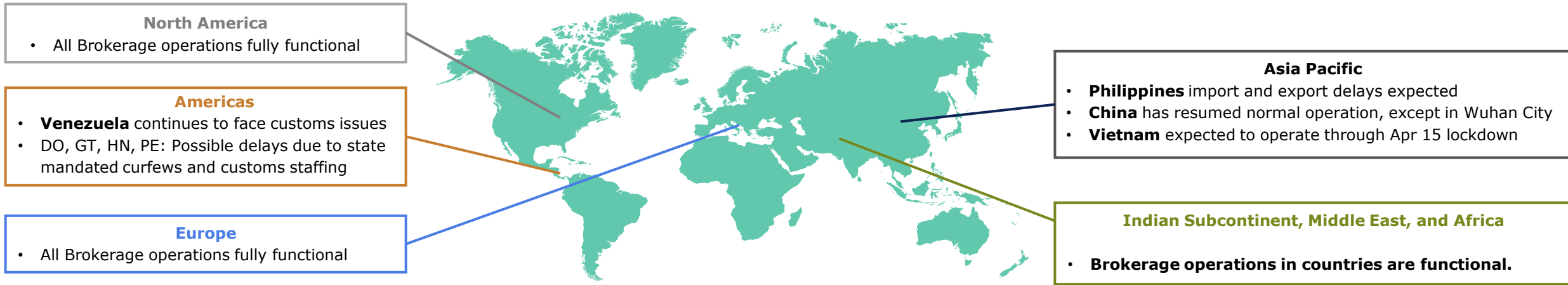
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Export/Import regulation changes due to COVID-19

UPS supports global logistic needs

Coronavirus: global brokerage and compliance update

Global Hotspots



Upcoming Trade Policies

- USMCA ratified by Canada on March 13; three-month countdown yet to begin
- Section 301 tariffs continue, with potential changes and exclusions; phase 2 negotiations on hold
- Many Brexit engagements “on hold” but likely to pick up soon after COVID

Coronavirus: export/import changes in the United States

Latest Updates

- U.S. Food and Drug Administration took action to increase supplies to support the U.S. response to COVID-19, for instance, issued an enforcement discretion policy for several Personal Protection Equipment commodities to allow them to clear faster.
- CBP reporting that all ports operating as normal.
- CBP/ FEMA are jointly enforcing the Defense Production Act to keep scarce medical resources within the United States for domestic use. Personal Protective Equipment (PPE) subject to this policy includes: N95 respirators, and a variety of other filtering respirators; air-purifying respirators; surgical masks; and, surgical gloves.

Helpful Links

<https://www.usa.gov/import-export>
<https://www.usa.gov/coronavirus>



<https://www.exim.gov/coronavirus-response>



Coronavirus: export/import changes in Europe

Latest Updates

- The flow of goods not fully impacted by border closures. Transport remains authorized. Europe proposed the designation of Green Lanes at the borders for the transport of goods to make process smooth.
- Europe imposed COVID-19-Related export restrictions on medical and protective equipment: exportation of certain products to countries outside the EU subject to the production of an export authorization (Reg. (EU) 2020/402)
- Customs authorities will give priority to essential products. All products have the obligation to have entry summary declaration (ENS), even medical equipment. Copy of the certificate of origin is considered acceptable during Covid-19.

Helpful Links

https://ec.europa.eu/taxation_customs/covid-19-taxud-response/guidance-customs-issues-related-covid-19-emergency_en



https://ec.europa.eu/transport/news/2020-03-18-covid-19-keep-priority-traffic-moving_en



Coronavirus: export/import changes in China

Latest Updates

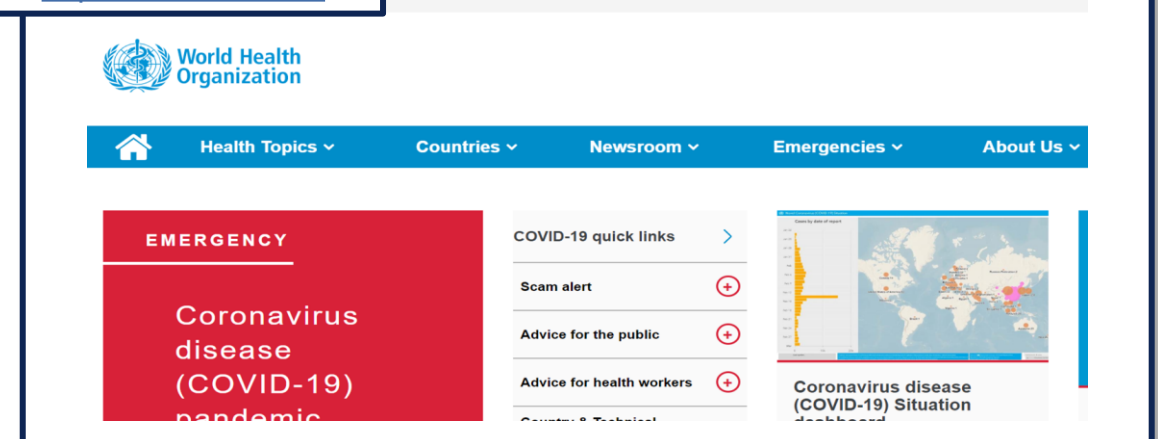
- China is relaxing inland travel restrictions within its borders to boost business and consumption and revive the economy.
- Foreign freight vehicles entering the border should unload at the port, unless the goods cannot be moved midway. Foreign truck drivers will return on the same day of arrival in China. Those foreign truck drivers who have difficulty returning will stay in accommodation designated by local disease prevention and control agencies.
- The central government have urged local governments to perform their duties in preventing cases, imported or exported through air, land and waterway transport, and implement measures to suspend cross-border international road transport and enhance management on international waterway transport.

Helpful Links

<http://english.mofcom.gov.cn/article/newsrelease/>



<https://www.who.int/>



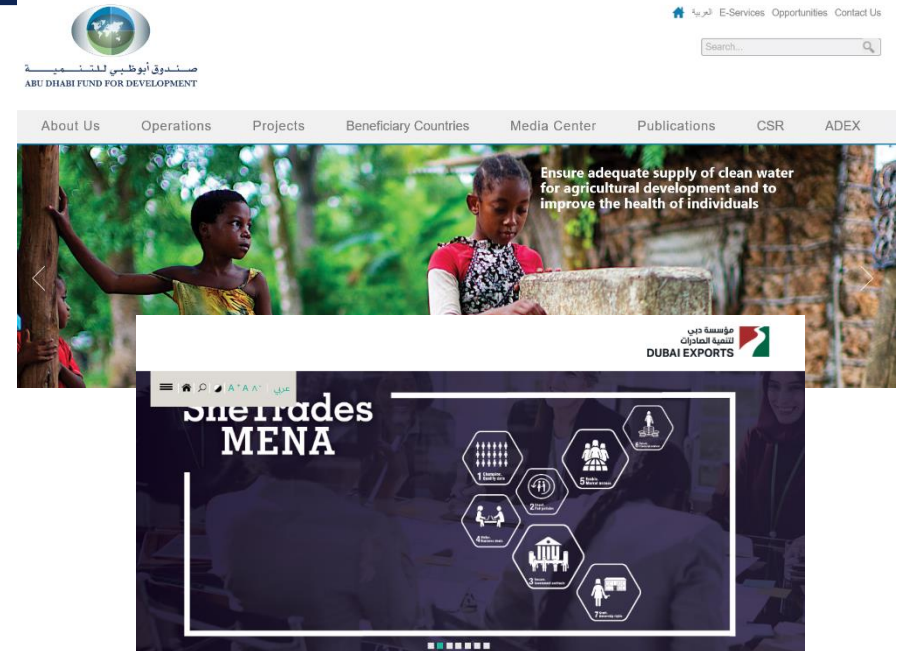
Coronavirus: export/import changes in the Middle East

Latest Updates

- The **UAE** government has imposed a curfew for its citizens as of March 26 until April 18.
- The UAE has been an exporter of humanitarian supplies including critical medical and PPE supplies to several countries hard hit by the pandemic. Etihad Credit Insurance (ECI), a federal entity, will assist exporters and businesses facing payment and supply chain disruptions with export credit insurance and additional funding
- UAE's lender Emirates NBD introduced smartCollections, a digital feature facilitating the complete contactless processing of export collections that will support its clients' business continuity via safe, seamless operations.
- **The Kingdom of Saudi Arabia** government has imposed a nation-wide curfew for its citizens as of March 23 until further notice.
- Saudi Arabia postponed the collection of customs duties on imports for a period of thirty days against the submission of a bank guarantee, for the next three months and setting the necessary criteria for extending the postponement period for the most affected activities as needed.

Helpful Links

<https://www.adfd.ae/english/Pages/Home.aspx>



UAE: <http://www.dedc.gov.ae/English>



<https://www.saudiexports.sa/en>

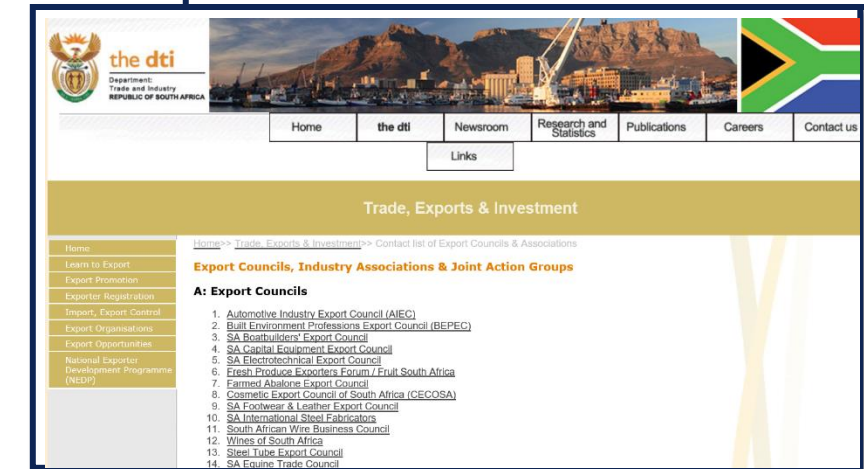
Coronavirus: export/import changes in Africa

Latest Updates

- **Morocco** has declared a state emergency until April 20.
- Morocco plans to send PPE made domestically to support Europe's fight against the coronavirus.
- Importers and exporters in Morocco will be able to use the "100% digital tools" of the National Single Window of Foreign Trade, Portnet SA, to prevent unnecessary human contact.
- **Egypt** has banned the export of all alcohol, medical, and PPE supplies.
- **Nigeria's** government had announced a lockdown in Lagos, Abuja and Ogun, Osun and Ekiti states for two weeks as of March 27 to control the spread of COVID 19. As of March 31, government imposed lockdown very strictly, hindering movement of people in country.
- **South Africa's** government has declared a country lockdown from March 20 until end of April.

Helpful Links

South Africa: <https://www.thedti.gov.za/>



Nigeria: <https://nepc.gov.ng/>



Coronavirus: export/import changes in the Indian Subcontinent and Central Asia

Latest Updates

India: UPS can undertake to support export and import of essential commodities across Healthcare, ITES, Banking and Aerospace (in Karnataka only) as some of the essential sectors notified by the Government.

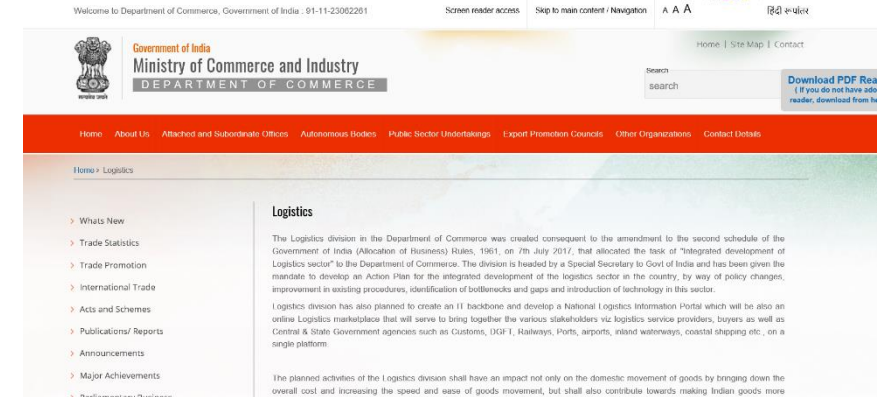
UPS continues to operate its daily flight to and from Indira Gandhi International Airport (IGIA), Delhi as usual. However, interstate border crossings are currently restricted resulting in temporary disruptions in our pick-up and delivery service. Customers can bring their packages to our Gateway at IGIA, Delhi to export their goods through our air network. Clearances for shipments will be as per Government advisory.

Bangladesh: The Bangladeshi government has extended the country lockdown from March 26 until April 28. UPS services continue to operate for both pickup and delivery and continue to remain in operation across the country with expected delays due to lockdown.

Pakistan's government has declared a country lockdown as of March 23 until April 14. Pakistan has resumed Import and Export Operations. Pick up and deliveries are made on customers request and self-collection and drop off shipments at UPS facilities are possible in major cities of Pakistan for essential goods and services.

Helpful Links

<https://commerce.gov.in>



<http://bepza.gov.bd/>

Agenda

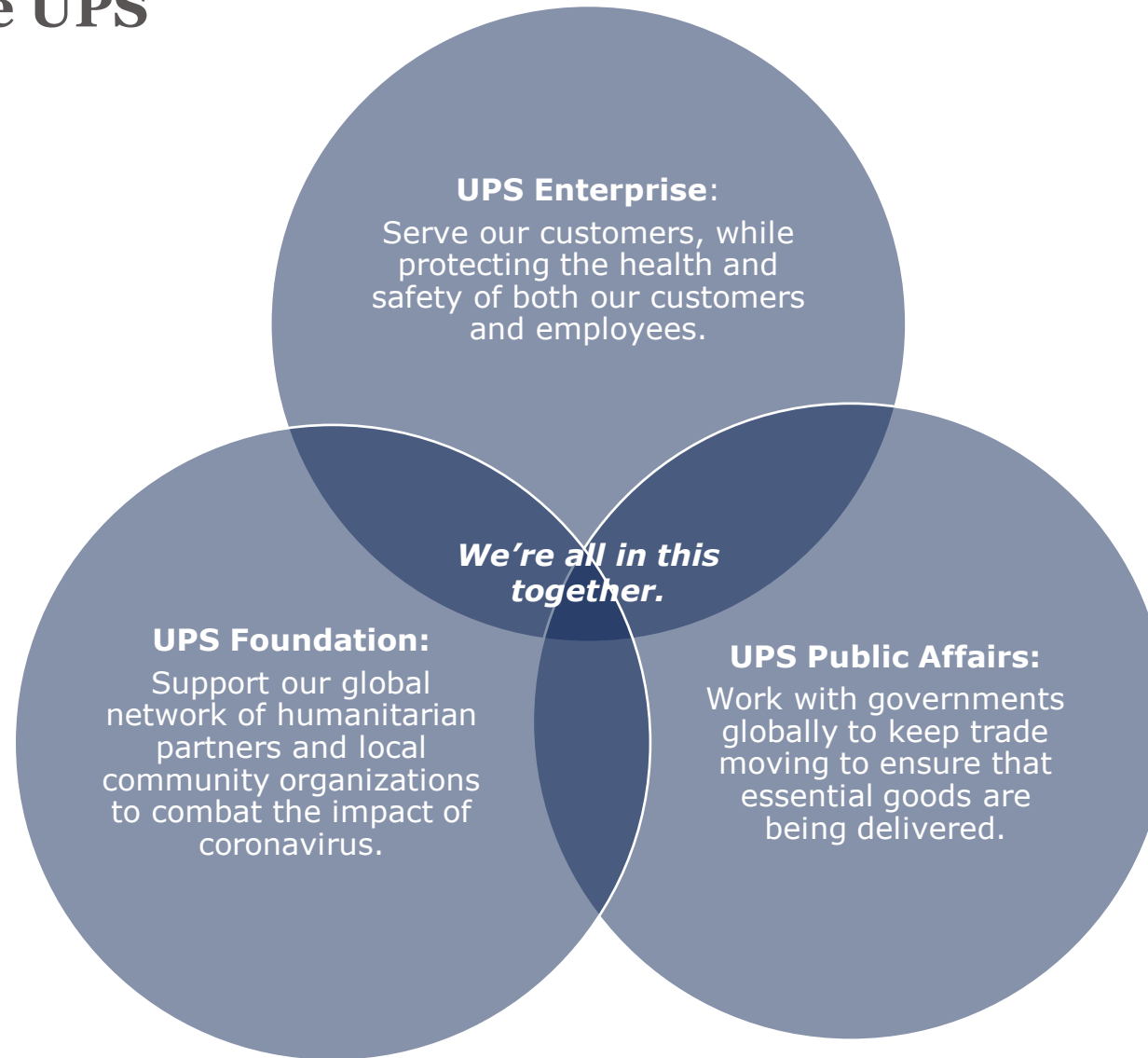
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UPS supports global logistic needs

Coronavirus: One UPS



Coronavirus: UPS commitment



UPS continues to deliver worldwide –

- *United States:* UPS is among the government's critical infrastructure, as such, operations continue as normal
- *Globally:* UPS is maintaining delivery services except where limited by government rules, while still working with governments to obtain exceptions that allow our operations to continue wherever possible, even in restricted areas



UPS is meeting our service commitments, while ensuring health and safety –

- Constant monitoring of air and ground networks to address potential sources of disruption
- Compliance with applicable government regulations related to the containment of Coronavirus
- Careful guidance and information being provided to staff across the globe regarding the best ways to prevent the spread of infection, based on guidelines from the World Health Organization (WHO)
- Ability to track deliveries worldwide on UPS.com



Beyond our services, UPS is doing our part with the outbreak –

- *US:* Assisting the White House via the Rapid-Response Taskforce for novel Coronavirus Testing Sites with logistics planning and operations to support drive-up novel Coronavirus community-based testing sites
- *Globally:* The UPS Foundation has expanded its response to the novel Coronavirus, including new grant allocations of more than \$6 million to United Nations agencies, humanitarian relief partners and community-based non-profit and international non-government organizations to bring urgent medical supplies, food and housing support, and financial assistance to aid recovery efforts.



We are committed to Small Businesses –

- Where available, SMEs can sign up for the free UPS My Choice which enables SME to provide more specific delivery instructions such as where to leave deliveries, where to redirect them and the ability to receive delivery notifications

Coronavirus: UPS customer's advise proactive supply chain solutions



Stockpiling Inventory

Whether expecting shortages of supplies or a bounce in demand for finished goods post-epidemic, several companies are looking to position themselves for success in either scenario



Going Direct to Consumer

If distributor disruption has been disrupted, some businesses are building a direct path to their customer-base to ensure you're their customers can access their products



Diversifying Supplier & Manufacturer Networks

Rather than relying on a few businesses for operations, some shippers noted that they are looking for alternative, domestic solutions to bridge the gap in the short-term and potentially become a new, valuable partner long-term



Looking to New Product Categories or Customer Bases

Distillers are making hand-sanitizer and clothing designers are making masks. Some companies noted shifting to new products that might help weather the storm as demand for their typical offerings decline



Supplier Redundancy

Several noted a concern for putting all of their eggs in one basket in case their regular, trusted suppliers falter. As such, they're beginning to build 'back-up' plans and spread their purchasing around just in case a full pivot is necessary

We're all in this together.



Supporting small businesses through the COVID-19 crisis

- As COVID-19 moves from a health crisis to an economic crisis, we are trying to anticipate how small businesses around the world will weather this storm and where we need to focus our efforts.
- Access to emergency support. Review your country SMEs assistance regulations.



Goods are still moving.

- Constant monitoring of air and ground networks to address potential sources of disruption. Policy uncertainty and disrupted supply chains.
- Keep yourself informed with government regulations related to the containment of Coronavirus.
- UPS operations continues to pick up and deliver, even in restricted areas.



Prepared your next steps. Keep your services and goods moving.

- Think value chains and alliances. Be ready with data.
- Prepare a work plan. Focus on finance.
- Connect with your consumer.



Train yourself for the new normal.

- Be prepared for new challenges and trends. With consumer behaviors changing daily due to the COVID-19 pandemic, retailers and SMEs are forced to reinvent how they do business, for instance more adoption of e-commerce channels, marketing strategies.



Thank you

www.ups.com

Q&A

Coming up next:

Accounting Covid-19 in financial planning and projections

Monday, 20 April at 3 PM Geneva time (GMT +1)

Delivered by:



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