**1. How has the Covid-19 crisis hit the transport and logistics industry in your country and**

**what are the key challenges?**

a. Mid-Jan

- Number of reported cases in Mainland China was increasing. The biggest challenge at that time was a very large number of passenger movement (0.15 billion traffic) before and after the Chinese New Year Holidays (last week of January) when workers went back to their hometown for holidays.

- The Central Government announced blockage of the City of Wuhan on 23 January, 2 days before the Chinese New Year. National blockage was announced in the following few days during the holiday period. This essentially kept people at where they were and stopped the return traffic. Inter-province traffic including highways, rail, and air all stopped. Even within cities, residents were asked to confine themselves to the estates (very small areas) where they live. Residents were encouraged to order online for daily supplies with delivery to the gates of the estates, instead of going out to shop. Social gatherings were discouraged/forbidden.

b. February

- More stringent measures were introduced with the objective of blocking people movements. Because of no workers, no intra and inter-city/province truck movement, factories at manufacturing regions were unable to resume production. This last until early March. Production stopped for a whole month.

- Same disruptions for inbound cargoes. Cargoes were stuck at seaports, unable to be cleared. Perishable cargoes including reefer cargoes were the most affected. There were not enough reefer plugs for the reefer containers, and those on the pipelines were forced to be diverted to other ports/countries.

- shipping lines because of reduced demand, disrupted schedule, and poor trade prospect, have cancelled as much as 50% of their services. In addition, there were many unannounced blank sailings (port skip). Supply chain reliability deteriorated substantially. Freight rates were jacked up temporarily because of space shortage, resulted from reduced capacity.

-similarly, for air freight. In Asia, as much as 50% of cargo are carried in the bellies of passenger flights. As passenger flights were being cancelled, gone with them the bally capacity. Supply chains seriously disrupted.

c March

- 80% of factories back to operations, but workers were not back to full team. Manufacturers were facing difficulties of getting supply of raw materials and spare parts because their vendors have also only just resumed production, which was however, still very unreliable. Manufacturers cannot rely on outsourcing because their vendors were encountering the same difficulties.

-As the pandemic hit hard the overseas markets, beginning from mid-March, buyers are now refusing shipments, putting off and cancelling orders, and demanding much longer credit period. Indeed, there are growing risks of default payment, and business closure in due course.

-air cargo capacity on passenger flights vanished. Air traffic reduced by 70% (90% in case in case of Hong Kong). Chartered flights are affected too because of disrupted market and unpredictable inbound and outbound cargo volume.

- traffic blockage in overseas markets are affecting cargo pickup and delivery. Importers’ refusal to pick up cargo, and trade disputes, cancellation of orders are causing further disruptions to operations and supply chains. These things are expected to linger on for sometimes.

d. April

- freight rates are dropping now as some ships are redeployed after the dry-docking exercise, and cargo demand has dropped more than expected. Carriers continue to suffer from a contracted and disrupted market.

- We begin to see staff lay off, and closures of small freight forwarders and their vendors. The logistics industry is characterized by high percentage of out-sourcing of labours, temporary workers, agents, and service companies. These are the vulnerable groups.

- in Hong Kong, 1/3 of taxi, 40% of cargo trucks, and non-licensed buses (many serving the tourism industry) are idle.

The following gives a daily log of what the Hong Kong SAR government did. One can easily discern implications of the actions.

28 February: Issuing the Red Outbound Travel Alert (OTA) on three regions in Italy, and issuing quarantine orders to people arriving Hong Kong who have been to the above three regions or to Iran where the Red OTA remains in force in the past 14 days (regardless of whether they are Hong Kong residents) starting from 1 March.

28 February: The Hospital Authority (HA) extended the Enhanced Laboratory Surveillance Programme to cover patients below 18 years old and those with fever or respiratory symptoms subject to clinical assessment of physician in charge.

2 March: Government bureaux/departments gradually resumed more public services with the implementation of targeted measures to reduce social contact and infection control measures.

4 March: Hong Kong residents returning to Hong Kong from the Diamond Princess cruise ship in Japan completed quarantine by batches. Nine of them were confirmed to be infected after returning to Hong Kong.

4-5 March: Sending four chartered flights to bring back a total of 469 Hong Kong residents stranded in Hubei Province to Hong Kong and arranging them to stay in a quarantine centre.

8 March: Expanding the health declaration arrangements at the Hong Kong International Airport from inbound flights from the Mainland to all flights arriving Hong Kong.

9 March: The Centre for Health Protection (CHP) extended the Enhanced Laboratory Surveillance Programme to cover all private clinics and hospitals.

10 March: Issuing the Red OTA on some regions in France, Germany, Japan and Spain as well as on the entire country of Italy, and issuing quarantine orders to people arriving Hong Kong who have been to the above regions or countries in the past 14 days (regardless of whether they are Hong Kong residents) starting from 14 March.

13 March: Issuing the Red OTA on 26 European countries in the Schengen Area, and issuing quarantine orders to people arriving Hong Kong who have been to the above countries in the past 14 days (regardless of whether they are Hong Kong residents) starting from 17 March.

13 March: Announcing adjustments to the health quarantine arrangements on inbound travellers from overseas to reserve more quarantine facilities for the close contacts of confirmed cases.

14 March: Following three confirmed cases in Heng Tai House, Fu Heng Estate in Tai Po, some residents had to be evacuated to quarantine centres. Four environmental samples tested positive later.

15 March: Issuing the Red OTA on Ireland, the United Kingdom and the United States, and issuing quarantine orders to people arriving Hong Kong who have been to the above countries or to Egypt where the Red OTA remains in force in the past 14 days (regardless of whether they are Hong Kong residents) starting from 19 March.

17 March: Issuing the Red OTA on all overseas countries/territories and issuing quarantine orders to

people arriving Hong Kong who have been to the above countries/regions in the past 14 days (regardless of whether they are Hong Kong residents) starting from 19 March.

19 March: Hong Kong residents returning to Hong Kong from Hubei Province completed quarantine by batches. Only one of them was confirmed to be infected.

19 March: The CHP extended the Enhanced Laboratory Surveillance Programme to cover inbound travellers under quarantine from overseas. Priority was accorded to persons under quarantine aged 65 or above or persons under quarantine residing with elderly aged 65 or above.

19 March: To handle many people arriving in Hong Kong via the Hong Kong International Airport, the HA established test centres at the Asia World-Expo and the North Lantau Hospital. People arriving in Hong Kong with upper respiratory symptoms will undergo virus tests and wait for the laboratory results there. Subject to the test results, they will be admitted to hospital or subject to home quarantine.

20 March: The Immigration Department closely monitored anti-epidemic measures implemented by the Moroccan authorities and rendered assistance to Hong Kong residents stranded in the country.

21 March: Announcing enhanced measures to control the disease, which include:

* HA and the DH will fully utilize all resources for testing and enhance testing for people returning to Hong Kong from overseas
* Resuming the special work arrangements for civil servants implemented before 2 March to provide limited-scale public services
* Deferring the Hong Kong Diploma of Secondary Education examination
* Stepping up enforcement actions against contravention of quarantine orders
* Strengthening disease prevention at residential care homes for the elderly and people with disabilities

21 March: Announcing adjustments to the health quarantine arrangements on people arriving Hong Kong from Hubei Province (except Wuhan) to reserve more quarantine facilities for the close contacts of confirmed cases.

23 March: Announcing more anti-epidemic measures, which include:

* starting from 25 March, all non-Hong Kong residents coming from overseas countries and regions by plane will be denied entry to Hong Kong; non-Hong Kong residents coming from the Mainland, Macao and Taiwan will be denied entry to Hong Kong if they have been to any overseas countries and regions in the past 14 days; all transit services at Hong Kong International Airport will be suspended; and all travellers coming from Macao and Taiwan will be subject to compulsory quarantine;
* stepping up virus testing for arriving persons from the United Kingdom, other countries in Europe and the United States;
* taking stringent enforcement actions to combat breaches of quarantine orders;
* strengthening social distancing measures, including a proposal to introduce legislation to temporarily prohibit the sale and supply of alcoholic drinks by restaurants, bars, and clubs.

24 March: Stepping up enforcement against breaches of quarantine orders and appealing to public to make use of the ¡§e-Report Room¡¨ online platform to report breaches.

25 March: Sending the second batch of chartered flights to take Hong Kong residents stranded in Hubei Province back to Hong Kong.

For updated measures taken by the Government of Hong Kong SAR, please refer to the press release: https://www.info.gov.hk/gia/general/202004/21.htm

The key challenges are:

* contracted market and weaker economies,
* more trade disputes between shipping lines and shippers, between buyers and sellers, shippers, and authorities
* more diverse and segregated supply chains
* accelerate adoption of technologies like block chain, and the related legal framework, governance systems, etc. Related things are trade platforms, cargo track and trace, data inheritance, payment, customs practices, etc.
* challenges from more e-businesses
* new markets and manufacturing base
* business continuity and the ongoing management of risk
* liquidity is the first and foremost issue
* government assistance is needed, and will be a global thing

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

In the longer run, instead of consolidating the supply chains, the industry would go multiple independent supply chains. Manufacturers will review every sectors and sections of their supply chains in order to reduce risk and potential damage in case a sector is unable to perform.

Also, we will be seeing more direct buying and selling, via especially e-business and use of couriers or integrators and post services. The traditional business relations between buyers and sellers are challenged.

Liquidity is the most critical issue. Administrations are injecting liquidity in unprecedented scales and manners and hope this may help.

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

The pandemic will accelerate the adoption of block chain and similar technologies. The certainty and autonomy are what is needed over modern business transactions and relationships. At the same time, we would be seeing the gradual demise of traditional relationships between buyers and sellers, as well as intermediaries.

Payment guarantee would play an important role in the future business world. We can expect large number of casualties from the pandemic, and the financial risks and losses are going to change the future ways of doing business.

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

CILT HK has joined with other 9 trade organisations in Hong Kong to urge the SAR government to provide more assistance to the logistics industry. Focuses are on rental and wage subsidy. The purpose is to save enterprises and jobs.

Others are more operational issues including provision of health tests and certificates for the boundary crossing drivers, quarantine schemes for HK citizens returning to Hong Kong, monitoring schemes for those required to be isolated, etc.

The supply chain response to shortages in medicines and food. The main challenge is that many countries have now restricted export of certain medicines and supplies like masks, and our main function is to ensure accurate information to be made available easily and timely.

**Safe practices in the passenger transport networks (input from MTRC) are given as follows:**

(1) Technical

(1a) We need to define the best practices for public transport (PT) cleaning, ventilation, and other measures to ensure a clean and hygienic travelling environment.

(1b) We need to define the best practices for PT personnel in staying healthy, including personal protective equipment, personal hygiene (such as body temperature checking, washing hands etc) and safe methods of working (to prevent being infected by customers and others).

(2) Policy and services

(2a) If there is a safe separation distance, we need to define the best practices on how to achieve it (such as customers are only allowed to sit in every other seat, and/or separated by empty rows. For mainly standing services, such as metro, perhaps we only allow a suitable percentage (say 50%) of the loading.).

(2b) The level of service should match with city hygiene policies (such as “stay at home”, “keep a safe distance”, “compulsory mask wearing” etc.).

(2c) We can define the requirements on behaviour of every customer, in order to ensure the safety of all-staff and customers.

(3) Communication

(3a) We need to define best practices, even standard messages, for communicating to customers that it is safe to travel on PT (assuming that it is true and correct).

(3b) The communication should include how customers should behave on PT in order to keep themselves and others safe and include information on service level or service arrangements.

After a pandemic,

(1) Technical: We need to define how measures should be gradually stood down.

(2) Policy and services:

- How service should be arranged and gradually built up

- Define best practices for rebuilding patronage, such as through promotion, and fare concessions etc.

(3) Communication: The pandemic will likely subside over a few weeks, we need to define the best practices on how to gradually build up promotion, and how to encourage customers to return to using PT.

**What did we do as a professional body in Hong Kong to support local community?**

* Feb 7: Submit letter to THB on Government Measures to Impose Mandatory Quarantine on People Entering Hong Kong Mainland
  + Reply from THB on Feb 10
* Feb 20: Issue press release with other 7 logistics organisations to appeal for government urgent relief measure for industry
* March 31: Issue press release with other 9 logistics organisations to appeal for government urgent relief measure for industry
  + Our request on wage subsides (for a maximum of six-month 50% subsidy) is listed as one of the relief measures announced by Chief Executive on Apr 7

Link this link for details: https://www.news.gov.hk/eng/2020/04/20200407/20200407\_103145\_089.html

* April 14: Issue press release with other 10 logistics organisations to appeal for government urgent relief measure for industry