

## **Guiding Note #2 COVID-19: Logistics & Supply Chain Management**

### **1. Introduction:**

The global spread of COVID-19 is anticipated to have a cascading effect of disruptive factors in the marketplace. The disruptions to international ocean transport are having significant [economic effects](#) on international trade and the global supply chain. The proliferation of COVID 19 has implications for logistics and supply chain management by its disruption especially given the context of the Caribbean as small island developing states. The Caribbean is vulnerable to the economic effects of this pandemic to its supply chain. There are likely to be permanent, structural changes on demand, and a [reshuffling](#) of the global supply chain. The current situation could be considered a real life “stress test” of the global supply chain and logistics markets worldwide.

This note # 2 is presented at time when there are confirmed cases in the region and highlights the underlying vulnerabilities and factors of disruption in logistics and the supply chain and suggest recommendations.

### **2. Supply chain and logistics vulnerabilities and factors of disruption**

- a. The coronavirus outbreak has caused a major disruption to the supply chain, resulting in an increase of canceled or termed as [blank sailings](#) and a reduction in cargo moving through the USA ports. The growing number of empty containers at ports has underscored the impact on the rapidly changing global supply chain, including in the United States.
- b. Ports in the USA are bracing for disruptions as they combat COVID 19, thus this factor will have significant ramifications for the Caribbean resulting in the reduction of cargo volumes, (food and supplies shortage) should there be major disruptions at the ports.
- c. The local domestic demand in the USA has surged, the USA is a major source market for the region thus must be monitored for possible disruption of supplies.
- d. The reduction in cargo volumes can result in cargo consolidation among the lines, thus the pooling of containers on one vessel to a particular port in the case of Crowley Liner to St. Vincent and the Grenadines.
- e. Among the challenges that confront the supply chain is what is regarded as demand risk where the surge of domestic buying that threatens supplies. This demand risk has the potential of overwhelming the capacity of the local supply.

- f. [Labour shortage](#) of key supply chain actors such as port terminal operators, seafarers, transportation (trucking & haulage), warehousing, freight forwarding and NVOCCs (Non- Vessel-Operating Common Carrier) in the USA due to COVID 19 is an emergent risk and is likely to be a source of disruption in the supply chain.
- g. The emergence of the COVID 19 from China has created significant disruption in the global supply chain and has ramifications for the region due to the role of China as the “world’s factory”. In the [maritime sector](#) China has the largest ports in the world and controls 70% of the world business ports. China contributes approximately 20% of the [world’s GDP](#) thus is a major player in global production.
- h. National ports employ many persons, they also facilitate the services for customs, agents, custom brokers, port security, truckers, vessel operations thus the issue of social distancing will be a challenge to risk management since Ports are generally essential services.
- i. The national transportation system presents vulnerabilities and risk to the population.
- j. The risk exposure of the limited trained marine pilots in the region to the vessels presents a significant risk to the maritime sector and can cause disruption in the supply chain by a reduction of capacity to berth all vessels.
- k. The port operations present several inherent risks in the discharging of the vessel, the ship shore interface, its yard, warehouse and security operations. The close contact discharge of car carriers is a threat due to the human to human interface of crew, stevedores, and port workers in the discharge operations of the cars.

The immediate challenge that confronts the Caribbean is identification of alternative source markets and the transportation network that will enable these markets to be optimized should the supply chain face massive disruption. The disruptions in the maritime sector will be very impactful to the region since 90% of the imports is by sea.

### **3. Recommendations for Supply Chain Vulnerabilities & Logistics**

- a. Collaborate with the Ministry of Agriculture, Chamber of Commerce and the Manufacturers’ Association to consider the national and regional capabilities of countries with a strong manufacturing and agricultural base to develop alternative sources of supply of food and other key items to meet local demand.
- b. CDEMA is in close collaboration with the institutions of the Caribbean Community to support this coordinated effort. A regional protocol is being elaborated to outline this coordinating mechanism and the support to countries.
- c. Determine the volume of the containers and commodities that are stored at the Port; current import volume for specific demand goods (groceries, frozen poultry etc.); warehouse storage space;

- d. Examine the labour rationalization strategy and operations plans that are being implemented at ports due to large volumes of workers that are employed and its implications for COVID19.
- e. Explore diplomatic relationships and the availability of vessels, and air assets to facilitate air and sea logistics for the transportation of medical, personnel, and food items.
- f. Review the national oil supply inventory and meet with oil and gas companies such as SOL, Shell, and Rubis to meet local demand and the stability of supply.
- g. Review the national power supply capacities, supply chains, transportation network and staff capacities to facilitate full operations due to the implications of social distancing and the need to meet national power demand.
- h. Facilitate a meeting with the local supermarket owners to gain an understanding of the demand specific (commodities) impact on the country, the capacity of supermarkets and the impact of the supply chain on their inventory and source markets.
- i. Communicate with vessels via radio upon approach and the Maritime Declaration of Health must be confirmed by the Master of the vessel that there are no sick people or crewmembers showing symptoms on board and the Port Health Officer must give clearance prior to boarding.
- j. Enforce that the Master of the vessel declare the protocol in the handling of COVID 19 and state its recent ports, and if there were any crew changes within the last 14 days who embarked in a country where COVID 19 was confirmed.
- k. Continue the operations of seaports, however, restrict the disembarking or movements of vessel crew during while the vessel is at the port.
- l. Review national warehouse stocks, capacity, and identify alternative storage options.
- m. Enact measures to curb the spread of COVID 19 in public transportation it is recommended that all buses should be at most 60 per cent capacity and not 100 per cent.
- n. Enforce that all operators should have alcohol-based sanitizers in their vehicles for the use of drivers, conductors and passengers.
- o. Identify the vulnerable groups for possible relief distribution including within shelters.
- p. Consolidate the ports of entry to the main port where all of the formalities for clearance are conducted and implement controlled area for anchoring with reference to yachts.