ISSUE 01 AUGUST 2020

Birdseye

A PACE SPEDITION communiqué

In This Issue

From the desk of your Editor...

Dear stakeholders and friends,

I do hope you and your families are safe and keeping well. It gives me great pleasure to share with you the first edition of Birdseye, the bi-monthly news communique' from Pace Spedition.

Covid-19 has taught us all many lessons and has prepared us for the 'New Normal'. There have been major disruptions in client and vendor understandings with mutual re-alignment of receivables and payables, to keep the machinery running. Spending habits of organizations have changed and any cash being spent is prefixed with a simple question of whether it is essential or desired.

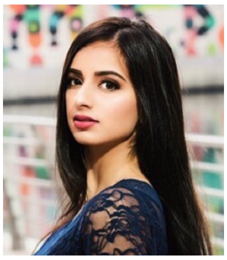
The great depression of the 1930's and the 2008 financial crisis looks faint when compared to the damage Covid-19 has done to businesses and countries.

During the lockdown, though we all operated remotely from the safety of our homes, our field marshals were carrying out essential services to ensure our customers' cargo was collected and delivered as per commitment.

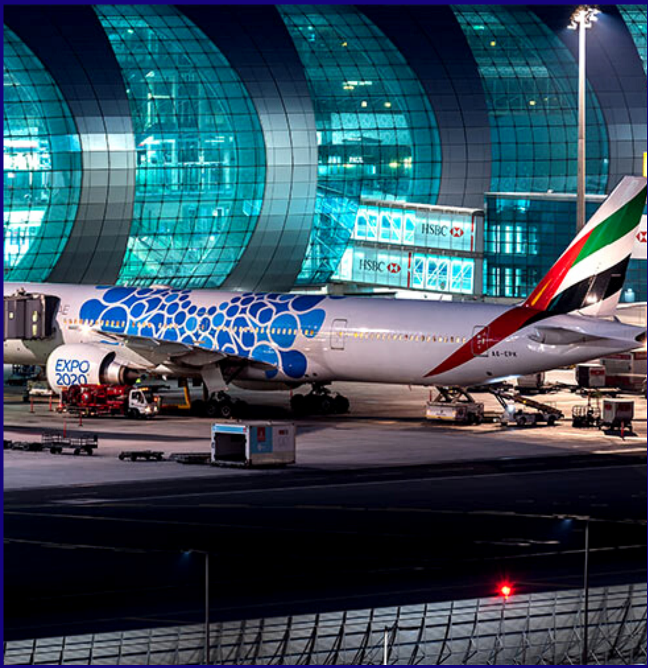
Nevertheless, we all have to stay resilient and alert, to stop the spread of the virus and to keep businesses alive.

Stay well and stay safe.

Joanna S. -Editor



PACE SPEDITION
solutions beyond freight



UAE Bounces Back

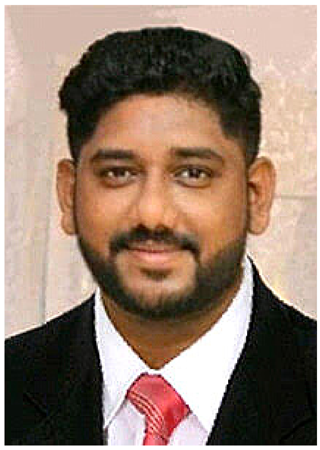
The UAE authorities have done a fantastic job in controlling the spread of the pandemic, the well planned and structured total lockdown along with aggressive testing in densely populated areas of the country has paid off. We would like to take time-out to salute the police, the medical workers, administrative departments of the government and every single individual who has played a vital role in curbing this menace.

Dubai International Airport pre-covid operated 1,100 flights a day with 280,000 passengers passing through the airports and were down to 17 flights a day in a span of three days. Passenger traffic at Dubai International Airport has been increasing by 5% every day and there are hopes that this international hub will be back to full capacity by the end of this year.

DPWorld the Port and terminal operator at the Port of Jebel Ali has reported a 6.8% drop in volumes but the positive turnaround in throughput in monthly traffic may suggest that the worst is now over and business will get back on track.

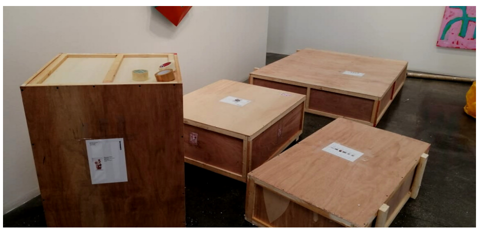
Meet the Fine Art's Specialist

Abishek Damodaran is a specialist in Fine Arts, Packing and Handling.

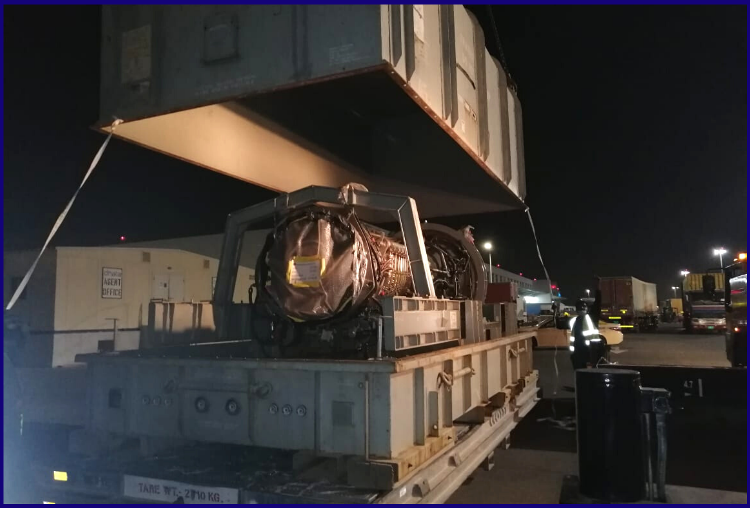


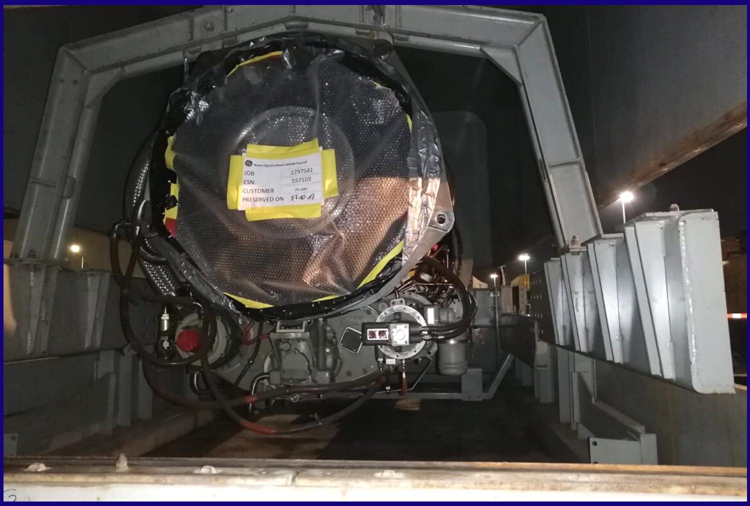
Our complete range of freight and logistics services includes:

-Secured “wall to wall” shipping
-Safe and efficient packing and crating
-*White glove* handling of Art
-Insurance coverage
-Customs brokerage



A very special shipment from Dubai to Amsterdam





The Critical Logistics team at Pace Spedition handled an extremely challenging shipment of a 9000 kg turbine to be airfreighted from Dubai to Amsterdam. From collection, safe and secure lashing of the unit on the air suspension trailer, bringing in the crane at DWC for the top hood to be removed for inspection and having it shipped out was handled by the team with precision. When it's critical you need to get in touch with the experts : *critical.ae@pacespedition.com*

Impact of COVID-19 on Global Shipping

Over 90% of world trade is through sea and China has seven out of the worlds ten busiest ports in the country. China is the world's manufacturing hub and closure to its industries has impacted global shipping. With ever country going into a lockdown has also resulted in supply chain disruptions and limiting the demand for sea transport.

Shipping companies with a strong financial position will be able to recover quicker as there is a huge pent-up demand on manufacturing which has to be fulfilled. Countries will first have to deal with the controlling of the pandemic and can then only see a rebound in trade which will determine freight rates.

Everyone is keen to find out how will this year end and will global trade show improvements? There is still a lot of uncertainty and a second tidal wave of the pandemic is being experienced by many countries with the daily news infections increasing. The OECD has predicted a 7.5% contraction in global economy for the current year, but countries are now better prepared to deal with this situation and organizations have taken appropriate measures to keep the manufacturing and services running and lockdowns are not expected.

GCC and Middle East Land Freight update

Saudi Arabia has reopened its land border with UAE, Bahrain and Kuwait after a four month closure to control the spread of the pandemic.

Jordan's Jaber border with Lebanon is operating as normal.

Iraq's border with Saudi Arabia, Kuwait and Jordan remain closed.

Kuwait does not permit the movement of cross border trucks transiting Saudi Arabia for another country, the only exception being for food and medicines.

Lebanon has removed all restrictions on cross border land freight with the driver and truck heads being replaced at the border with Jordan and Saudi Arabia.

Oman has re-opened all its four land borders viz. Wajajah, Wadi Al Jizi, Khatmat Milaha and Hafeet. There are no restrictions on cross border trucks entering Oman but Oman registered trucks are not allowed to exit Oman for any GCC country.

Transit cargo from the UAE to Kuwait, Bahrain and Jordan are restricted due to the new transit rule imposed by Saudi Arabia with exception to food and medicine trucks.

The road freight market within GCC is expected to grow by 5% between 2020 and 2025 and will be an important economic driver within the region.

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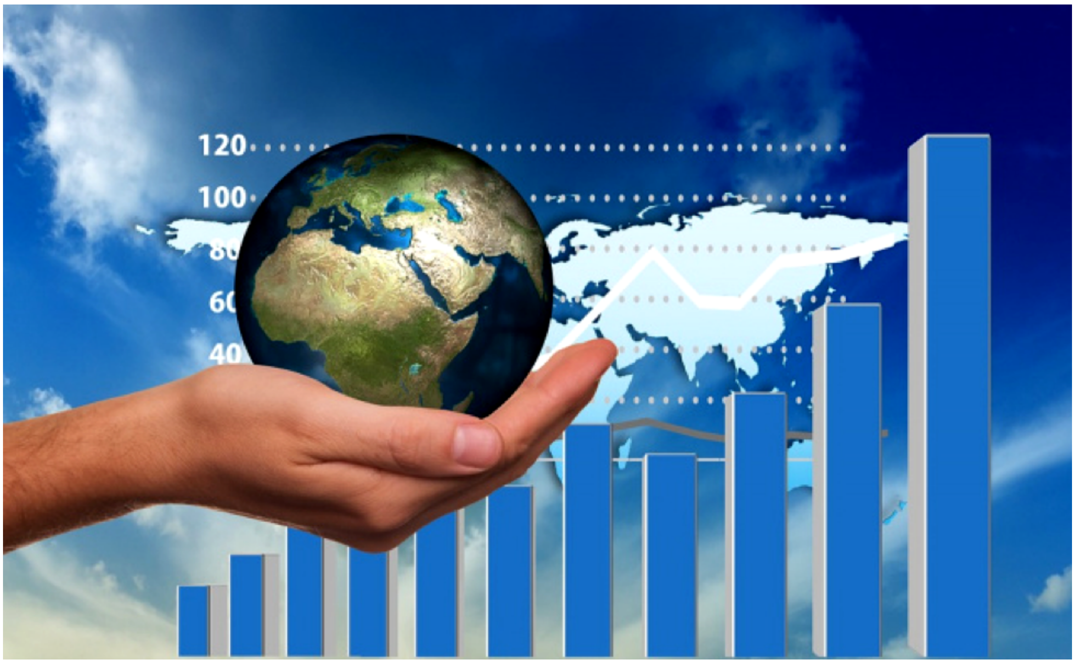
GLOBAL ECONOMY IN A VICIOUS DOWNWARD SPIRAL



With the pandemic intensifying across the globe, and almost all countries bearing the blunt of COVID 19, it's hard to refrain from being the most talked about topic at any forum. A crisis like none ever experienced before, coupled with its unpredictability and uncertainty, leaves us with speculations, assumptions, untested theories and scenario's. Through this article we try to touch upon the facts and data, released by the world's accredited authority on the subject - the International Monetary Fund [IMF]; taking inputs from its recent update, on the pandemic's foreseeable effect, on the global economy.

Prior to the pandemic, the World Economic Outlook [WEO][1] projected the global Gross Domestic Product [GDP] to be around 12%, for January 2021, however with the symptoms of the epidemic, in early January this year, which soon metamorphosized into a pandemic, we are now looking at a revised GDP estimate of around 5.4%, which is also tentative in nature. The pandemic has caused a steep decline in global activity; with the relentless widespread of the virus, most countries with sizable population, are witnessing exponential increase in number of infected people; while a handful of countries are also presently experiencing a flattening of the curve.

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[1] "Source: International Monetary Fund." This source attribution requirement is attached to any use of IMF Data, whether obtained directly from the IMF or from a User. For more details refer to the original Article June 2020 issue by the World Economic Outlook Update - titled "A Crisis Like No Other, An Uncertain Recovery", on the IMF website - www.imf.org Disclaimer - The facts and data in the present Article have been incorporated and reproduced from the IMF Article, solely for internal, non-commercial and informative purpose; in line with the "Fair-use" term of the Copyright and Usage policy of the IMF

In a large number of developing economies the intensity and rapid spread has caused governments and local bodies to implement curfews and strict lockdown measures; this in turn has a direct bearing and a huge impact on the economy. The world monitor of the GDP figures, for the first half of the current year, showed that most nations did much worse than what was predicted; the countries that were initially in the exceptional category, like Australia, Chile, China, Germany, India, Japan, Malaysia and Thailand, in line with the present prevailing conditions, are not likely to be spared in the second half of this year. The only country as of now, which is on the road to aggressively reopening its economic activities and lifting restrictions, is China.

On the whole, the pandemic has affected the consumers the world over. Lockdown measures and the cash crunch faced by the consumers due to layoffs and pay cuts, as well as, the steps taken by the industries to slow down production as a consequence of supply chain disruptions, results in a marked drop in production and consumption.

Mobility restrictions and social distancing measures, adopted by various government bodies, in almost all countries between mid-March to mid-May, have curtailed movement, with great number of individuals voluntarily deciding to stay safe by avoiding travel and even opting to work from home, so as to minimize and reduce their chances of exposure. Educational institutions, factories, retail outlets, shopping mall, theatres etc, were order to be shut down. The Mobility data from cellphone tracking[2], indicates that outdoor activity in retail, recreation, transit stations, workplaces etc remains dampened in a majority of countries; of late however there appears to be a slight return to normalcy with the re-opening of workplaces, shops and establishments to test waters; while most educational institutions have adopted the eLearning module.

All said and done, the sector that has been assertively affected, since the outbreak of the virus, by far, has been the labor category, more specifically the un-skilled or low-skilled labor, as they do not have the alternative option to work from home. In the figures and reports recently released by the International Labor Organization [ILO][3], the global decline in work hours in 1st quarter of 2020, compared to the 4th quarter of 2019, was equivalent to the loss of 130 million full-time jobs. The decline in the 2nd quarter of 2020, is likely to be equivalent to more than 300 million full-time jobs.

Inflation is on the rise, with developed nations equally facing downward plunges, though not, as much as, the developing and under developed nations. In the light of the effects and global area coverage of the pandemic, there seems to be no respite in the inflation rates.

IMF revised forecast for 2020 and 2021

Preceding the pandemic, WEO had predicted Global growth at about 6.8% in April 2020, this has now been projected at 4.9%. In addition to the factors covered herein before, weakening private consumption with sentiments to cut on expenditure and set aside savings, is high amongst consumers. Firms and start-ups are deferring capital expenditure and if national policies do not have measures to counter the depreciating demand, the growth will be riddled with further uncertainty; at present the growth projection for 2021 is at 5.4%.

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[2] Data obtained and relied on by IMF Article from Google COVID 19 Community Mobility Reports, for more details and latest updates kindly visit the google webpage - https://www.google.com/covid19/mobility/
[3] Data obtained and relied on in the IMF Article, is obtained from the International Labour Organisation [ILO] update in PDF format – ILO Monitor: COVID-19 and the world of work. Third edition Updated estimates and analysis – dated 29 April 2020;

As per the Global Financial Stability Update [GFSR Update][4] June 2020 issue, reported by IMF, some of the key uncertainty factors, that make the predictability of the growth so volatile are –
1. The length of the pandemic and required lockdowns
2. Voluntary social distancing, which will affect spending
3. Displaced workers' ability to secure employment, possibly in different sectors
4. Scarring from firm closures and unemployed workers exiting the workforce, which may make it more difficult for activity to bounce back once the pandemic fades
5. The impact of changes to strengthen workplace safety—such as staggered work shifts, enhanced hygiene and cleaning between shifts, new workplace practices relating to proximity of personnel on production lines—which incur business costs
6. Global supply chain reconfigurations that affect productivity as companies try to enhance their resilience to supply disruptions
7. The extent of cross-border spillovers from weaker external demand as well as funding shortfalls
8. Eventual resolution of the current disconnect between asset valuations and prospects for economic activity.

The report goes on to state that for the first time, all regions across the globe are likely to experience negative growth in 2020. The moderation or severity of the negative growth rate, in a particular economy is to be assessed on, the nature and progression of the pandemic and the effectiveness of containment strategies; the kind of economy and the core economic structure, like tourism based, oil based etc.; dependence on external financial aid, assistance, remittances etc.; and pre-existing growth trends. It is further stated that global trade will shrink further to (-) 11.9%, with expected growth to increase to 8% by 2021.

Facilitation of Economic Recovery

Amidst the pandemic's new normal, there is a pressing need for the economy to be put back on the rails; for the crippled economy to regain its vim and vigor, the IMF recommends that government strategies, turn their focus from protecting jobs and firms to removing obstacles to worker reallocation; government policies should also put in place mechanisms for automatic, timely, and temporary support to combat the downturn. This can be divided into two kinds of approaches -

In countries where the pandemic is rapidly spreading, emphasis should be on containment, while minimizing damage to the economy, enabling activity to normalize more quickly, once the restrictions are lifted. To compensate for the financial losses suffered by the citizens, temporary tax benefits to affected people, wage subsidies, paid leave can be rolled out by the government based on their ability to support the citizens. In addition temporary credit facilities, particularly for small, medium-sized enterprises, start-up's, and loan restructuring can aid sustenance and viable post pandemic. Enhancement of social security schemes to expand and include persons especially the unemployed, self-employed, informal workers, who can benefit from the schemes. Monetary assistance by national and central banking institutions to assist sick firms, by lowering rates, policy rate cuts and the like. These actions would also assist in alleviating bankruptcy, to a certain extent.

for more details kindly refer to the ILO webpage - https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_743146.pdf
[4] Reproduced directly from the IMF Article, in reference to the IMF Report - GLOBAL FINANCIAL STABILITY UPDATE, JUNE 2020; for more details and data kindly refer to the webpage on the IMF https://www.imf.org/en/Publications/GFSR/Issues/2020/06/25/global-financial-stability-report-june-2020-update

In countries gearing up to reopen their economy, the policy focus must shift towards recover through incentive programs, reallocation of employees and pumping in of resources where required to stimulate the economy.

To assess and gradually step aside from support based initiatives to public investment; to incorporate plans for the labor class - the lower-skilled and lower-income group accounting for their vulnerability and precariousness. To frame and review policies that facilitate reallocation based on higher demand thereby lowering the overall debt issue; strategize to restructure and dispose distress debts.

We can conclude by saying that, this pandemic cannot be fought in isolation, all nations must take initiatives to co-operate, support and encourage each other, to overcome this challenging crisis.
Multilateral assistance and assurance, can benefit nations that are less equip to deal with this reality. The IMF on its part has enhanced the access limits to its emergency financing facilities, thereby increased its ability to provide grant-based debt service relief and is further helping vulnerable countries with new financing, through other lending facilities. The more prolonged the pandemic, the graver the aftermath and greater the need for nations to heighten their efforts, to support financially constrained economies.

CSR Initiative

Pace Spedition had supported the NDTV and Oxfam India initiative to help the migrant workers and the marginalized communities across India and had made a contribution vide Transaction ID COVIDNDTV34065

Warren Jacob – CEO
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A note of gratitude from Oxfam India:

Dear Warren Jacob,
We hope you and your family are safe. In this global pandemic, all of us are going through a difficult time and yet you chose to support vulnerable families to cope with COVID-19. We are grateful for your generous donation that is helping families access essential items. We are supporting people across 14 states in India. Please find the attached updated file for COVID 19.

Your support helped us:

Provide dry food rations to 2,27,355 people and distribute 600080 cooked meal packets	Provide 5926 PPE kits and 17848 safety kits to health workers and frontline responders
Reach more than 50 lakh people through mass awareness on COVID-19	Provide Rs. 23.55 lakh direct cash transfers to 471 households

Thanks and Regards,
Supriya Nath, Senior Leadership Development Officer, Oxfam India, Bangalore-560084