



## **EFFECTS OF COVID-19 ON EXPORTS AND PORT MOVEMENTS IN LATIN AMERICA AND THE CARIBBEAN**

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In the last few months, the world has witnessed and continue to witness a drastic change in our daily lives, which has also caused great impacts on business, trade, and shipping. The outbreak of a pandemic changed all economic and trade expectations for 2020. From a forecast of 3.6% growth in container trade worldwide in the last quarter of 2019, to 2.5% in January 2020, new projections have lowered down expectations to -4.9%. This drop is partially explained, apart from the pandemic, by the continuing increase of blank sails<sup>2</sup> and labour restrictions.

Several countries have been implementing restrictive measures on ports and harbours aiming at curbing the spread of COVID-19. At the beginning, measures were adopted by some Asian ports and targeted shipping operations with the city of Wuhan. Following the rapid escalation of the pandemic, however, restrictions have been gradually expanded in geographic coverage and scope. Currently, they usually include more rigorous inspections and a closer articulation of port and maritime organizations with National Health Authorities, with specific control and quarantine procedures for vessels whose previous ports of call are based in countries registering the largest number of cases of COVID-19. Non-essential operations have been limited and, in most countries, severe measures have been adopted towards cruise ships, some of which have been denied docking at ports and have been left stranded at sea.

The short-term impact of this health crisis is a major blow not only to the port sector, but to logistics worldwide. According to some international analysts, the impact is expected to be manageable in the medium term—if the spread of the virus is contained. As trade facilitators, ports and their personnel are highly exposed to events beyond their control. Ports plays an essential role during this critical moment, because food, cargoes, including those with life-saving supplies, cannot arrive to where they are needed if ports are not operational. In this sense, this document analyses two main topics: first, the impacts of COVID-19 on grain and minerals exports in Latin America; secondly, the effects and the behaviour of the main container ports in the region during the first trimester of 2020 in comparison to 2019; a brief review of measures, impacts and reflections are added in the third part of this document.

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<sup>2</sup> Blank sailings mean that, for one specific week, fortnight or month (depending on the frequency of the liner service), that area will not have a vessel to discharge or load cargo.

## **I. Grain and minerals exports in Latin America**

### **A. Grain exports behaviour**

The outbreak of the COVID-19 pandemic has already begun to show negative effects on the region's trade with China, which is the region's second largest trading partner since 2017, with 8.5% of total exports and 3.4% of total imports; and the United States, with 44.6% of total exports and 32.4% of total imports<sup>3</sup> (UN-ECLAC, 2019a).

Latin America exports mostly commodities to China, of which 22% are soybeans, 16% copper and its concentrates, 15% oil, 9% iron and 7% refined copper (cathodes). The region has been favoured by trade tensions between the United States and China, and one of the reasons is that surcharges that China applied to some of United States' agricultural and agro-industrial products – soybean, meat and wine, among others – favoured its competitors in South America, whose exports to China expanded in 2019. Countries such as Argentina and Uruguay recorded significant increases in exports of soybeans and meat, among other products. Mexico, on the other hand, benefited from new export opportunities to the United States, due to the substitution of Chinese products.

Exports of soybean by the United States to China in the first two months of 2020 increased six-fold year-on-year, according to customs data released on March 25<sup>4</sup>, according to which China imported 6.1 million tons of soy from the United States in that period, compared to approximately 1 million tons in the same period in 2019<sup>5</sup>. According to the same source, shipments from Brazil to China in the first two months of the year reached 5.14 million tons, a 26% drop compared to 2019. Total soy imports by China in the first two months of 2020 increased 14.2% year on year, to 13.51 million tons.

In Argentina, within the framework of the necessary sanitary measures to contain the advance of the pandemic, ports remain functional with strict protocols, but both the entry of trucks and the shipment of grains, flours and oils fell. The arrival and logistics of trucks transporting grains and the shipment of grains, by-products and oils from the port terminals located in the area of Arroyo Seco to Timbúes, both located in Argentina, have been affected by the health crisis imposed by the COVID-19 virus<sup>6</sup>.

In the end of March, the number of trucks, according to the entities that congregate grain deliverers, amounted to 10,997 trucks, while in the same number of days of the previous week (March 16-19), that number was 11,591, which indicates a 5.1% decrease.

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<sup>3</sup> Data from 2Q 2019.

<sup>4</sup> See more at <https://www.datamarnews.com/noticias/us-soy-imports-from-china-increase-six-fold-in-first-two-months/>.

<sup>5</sup> *Idem* as 4.

<sup>6</sup> See more at <https://www.bcr.com.ar/es/mercados/investigacion-y-desarrollo/informativo-semanal/noticias-informativo-semanal/situacion-de-2>.



If the same comparison is made with the overseas ships that entered and left the port facilities located in the area, it means that in the current week, 20 ships entered and 16 left, while in the same number of days of the previous week (16 to 19/03 inclusive), 21 ships entered and 27 left.

According to the Rosario Trade Exchange, from Argentina, as for the tons loaded by the ships that left the port terminals located in Arroyo Seco to Timbúes, the information available from the maritime agencies covers March 23-25. During this period 139,976 tons of corn, 110,941 tons of soybean by-products, 35,000 tons of wheat and 3,000 tons of oil were loaded. During the same amount of days of the previous week (16 to 18/03), the ships sailed loaded about 381,224 tons of corn; 187,766 tons of soybean by-products; 27,200 tons of oils and 30,000 tons of biodiesel. A comparison of the total tons loaded with grains, flours, oils and biodiesel between the two periods (626,190 tons versus 288,917 tons) shows a 54% drop.

According to the Central Bank of Paraguay (BCP), the country's total exports, as of February 2020, reached USD 1,972.1 million, in comparison to a USD 2,042.9 million as of February 2019, presenting a decrease of 3.5% in 2020 in comparison with the same period of last year. Using the same time period, the Paraguayan Chamber of Oilseed and Grain Processors (CAPPRO from its acronym in Spanish) finds that the oilseed crushing industry production has already fallen by 27%. Total oilseed crushing in January presented the worst record in the last 9 years, a total of 34,966 tons (a drop of more than 116,000 tons compared to this month's average over the past three years). In this case, it is also important to consider the delay in the current harvest, which helps to explain the significant drop partially.

*Note: The 2019/2020 estimated soybean yield and production is 338.08 million metric tons. The top 3 expected exporters are: Brazil (124.5), United States (96.84), and Argentina (52.0). The Paraguayan production expected is 9.9, according to the United States Department of Agriculture<sup>7</sup>.*

## **B. Overview of mineral exports of Chile, Peru and Brazil**

According to the last data available from the Chilean National Customs Service<sup>8</sup>, in January and February 2020, Chile's exports decreased 10.5% compared to the same period in 2019.

Exports from the mining sector, which accounted for 48.9% of the country's total shipments, reached USD 5.862 billion, a decrease of 5.5% over the same period last year.

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<sup>7</sup> To see more details: <https://apps.fas.usda.gov/psdonline/circulars/production.pdf>.

<sup>8</sup> See more at: <https://portalportuario.cl/exportaciones-chilenas-disminuyen-105-durante-enero-y-febrero/>.

Within the basket of mining products, for copper ores and concentrates<sup>9</sup>, shipments in the months of January and February 2020 accounted to 461.6 thousand tons on average, i.e. 4% lower than the average for the same period in 2019. In terms of value, average shipments<sup>10</sup> in the months of January and February 2020 reached 2,530.8 million dollars, representing 4.3% less than the same period in 2019.

In the case of Peru, total exports of the country fell by 4.3% in the first month of 2020, due to the reduction in exports of important products such as copper (-7.5%), natural gas (-58%), coffee (-31%), fishmeal (-23.5%) and textiles (-20.7%). Copper exports have also decreased (-10%)<sup>11</sup>.

Regarding Brazil, in the case of iron ore and its concentrates, the shipments for the months of January and February 2020 were 24,444 thousand tons on average, i.e. 21.3% lower than the average of the same period in 2019. In terms of value, average shipments for that same period accounted for 1,626.78 million dollars, which is slightly higher than the same period in 2019 (a 0.09% increase). However, it is important to note that for the month of February 2020, there was a significant decrease in value (13.1%) from 1,740.45 million (January 2020 figure) to 1,513.11 million<sup>12</sup>.

## **II. Port movements: container throughput<sup>13</sup> comparison between the first trimester of 2019 to 2020, empty containers impact, and blank sails**

### **A. Container throughput behaviour in Latin America**

In Mexico, ports on the Pacific coast had a total throughput of 775,649 TEU<sup>14</sup> in January and February 2019. During that same period in 2020, those ports moved 783,021, i.e. a growth of 1%. Nevertheless, the Gulf coast went through a drop of -5,1%, according to the same criteria.

The port of Callao, in Peru, had a total throughput of 157,623 TEU from January to March 2019, whereas in the same period in 2020 the port showed a decrease of -13.2% in its operations, summing up a total throughput of 136,803 TEU. The total throughput of the

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<sup>9</sup> Includes refined copper, blinster and bulk, COCHILCO, with information from the National Customs Service. See more information on:

<https://www.cochilco.cl/Paginas/Estadisticas/Bases%20de%20Datos/Exportaciones-Mineras.aspx>.

<sup>10</sup> FOB liquid return in millions of dollars.

<sup>11</sup> See more at: <https://www.gob.pe/institucion/mincetur/noticias/101313-exportaciones-no-tradicionales-agropecuarias-y-pesqueras-crecen-en-enero>.

<sup>12</sup> See more at: <http://www.intracen.org/itc/market-info-tools/trade-statistics/>.

<sup>13</sup> Throughput: A measure of container handling activity, expressed in TEU. Throughput includes the handling of imports, exports, empty and full containers and transshipments.

<sup>14</sup> TEU: Stands for Twenty-Foot Equivalent Unit which can be used to measure a ship's cargo carrying capacity. The dimensions of one TEU are equal to that of a standard 20' shipping container.

Peruvian ports reported a decrease of 12,1% (from 213,941 TEU in March 2019 to 188,014 TEU in 2020).

In Argentina, during the first trimester, Buenos Aires presented a great variation in throughput. In January and February there was an increase of 8,3% and 13,8% respectively, while in March there was a drop of 15.3%. In total, in 2020, the total throughput was of 320,270 TEU and in 2019, during the same period, the total throughput was of 315,336 TEU.

In the central region of Chile, the two main container ports presented a significant decrease in their throughput. Main terminals in the ports of San Antonio and Valparaiso experienced a joint drop of 16.5% of throughput during the first trimester in 2020 compared to the first trimester of 2019. In 2020, both ports combined had a total throughput of 611,828 TEU, in comparison to 732,496 TEU in the same period of 2019.

On the other hand, during January and February 2020, the total throughput of Brazil has shown an increase of 2,6%; and the Port of Santos, the greatest in movements in the country, during January to March 2020 had had an increase of 11% in their throughput: from 883,557 TEU moved in 2019 to 980,970 TEU reported in the present year.

The hub port of Colón, Panama, had an activity increase of 22,5% in the first trimester of 2020. For the other terminals and ports in Panama, January and February have provided a considerable increase in throughput on both coasts. On the Pacific Coast, an increase of 24.4% was registered in 2020 in comparison to the same period in 2019. On the Caribbean coast, the growth was smaller than on the other coast, but still had a considerable 14.5% of increase in their activity. Another big port on the Caribbean coast (Cartagena, Colombia), had a total throughput of 664,846 TEU during the first trimester in 2019, which increased 19% during the same period in 2020. The Pacific coast has experienced a decrease in its activity, since the port of Buenaventura, Colombia, experienced a drop of 11,3% in its activity during the first trimester in 2020 compared to the same period in 2019. The increase of the throughput in Panama is possibly the result of temporary itinerary changes due to COVID-19<sup>15</sup>.

Table 1 displays a comparison of throughput between time periods in 2020 and 2019 for ports in Latin America and the Caribbean (in percentages). Each port or area covers a specific period, and for each case, the time period considered is in brackets.

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<sup>15</sup> The authors clarify that more information is required to confirm such assumption, which is currently not available.

**Table 1: Port throughputs, comparison between periods in 2020 and 2019  
(see in brackets the period considered in each case)**

Buenos Aires, Argentina (Jan-Mar)	1,6%
Santos, Brazil (Jan-Mar)	11,0%
Chile, Central Region (Jan-Mar)	-16,5%
Total Peru (March only)	-12,1%
SPRC (Cartagena), Colombia (Jan-Mar)	19,0%
Buenaventura, Colombia (Jan-Mar)	-11,3%
Total Mexico Pacific (Jan-Feb)	1,0%
Total Mexico Gulf (Jan-Feb)	-5,1%
Total Panama Pacific Coast (Jan-Feb)	24,4%
Total Panama Caribbean Coast (Jan-Feb)	14,5%
Panama (Colón only) (Jan-Mar)	22,5%

Source: Prepared by the authors, with data from Maritime Authorities, and ports and terminals operators from each country.

Note 1: These countries (with all their terminals and ports together) represent 71% of the total throughput of Latin America and the Caribbean (LAC). Note 2: In several cases, the decrease in port activity is observed mainly in March. In some cases, January and February showed growth on the container throughput, but a drop was observed in March, as in Buenos Aires and Santos.

Still in Latin America, in Bolivia (Plurinational State of), there was a drop of 60% on imports, specially coming from Arica, Chile, and Matarani, Peru, due to heavy sanitary control. For the export flow, however, the trucks come back empty because of the few goods arriving from China. The Bolivian Chamber of International Heavy Transport (Cámara Boliviana del Transporte Pesado Internacional) said that due to the lack of goods the flow of trucks from the ports of Chile and Peru decreased from 400 to 150 heavy duty vehicles (Mundo Marítimo, 2020).

Along with the impacts on shipping, the shortage of ships consequently causes a decrease in the supply of cargo space. In Brazil, according to the Union of Customs Brokers of São Paulo (SINDASP, from its acronym in Portuguese), the freight rates in some cases have skyrocketed up to a 400% increase (Datamar, 2020c). In Peru, carriers also began to fear that logistics costs would go up to 50% or more.

### **B. Container throughput behaviour in other regions**

In the United States, the Port of Los Angeles reported a year-over-year March volume drop of 30.9%. The port moved 449,568 TEU in March. That's the lowest amount of monthly cargo moved through the port since February 2009 (Freight Waves, 2020c).

Foodstuffs and medications must be more resilient to some of these emergency situations compared to other goods (American Shipper, 2020). Before the pandemic outbreak, the prevailing idea was that there was going to be a resurgence in cargo movement once China had recovered from the pandemic. Nevertheless, as soon as China started recovering, Europe had some significant issues with their supply chains, followed by the United States – where cargo congestion has already ports on the West Coast. At the current stage, that process has cascaded down to Southeast Asia and then to India. Where the recovery was expected and tied to what was believed to be an attempt of getting back to a normal cycle, it has now transcended into other markets, where now there is congestion and bottlenecks in other areas. This could affect the logistics chains around the globe, as the busiest ports in the world are mainly Asian, European and North American.

Given the interruption of Chinese production in January 2020 and the expected recession in the main importing regions, a decline in container trade is expected this year for the first time since 2009, when the containers' trade, according to Clarksons, had a decrease of 9% (in comparison to a 5 to 10% y-o-y growth seen in the previous years). Further, in October 2019, Clarksons had forecasted a 3.6% y-o-y growth; in January, the forecast had dropped to 2.5%, and the most recent estimates published by Clarksons<sup>16</sup> show a global downward trend of 4.9%.

Operations in the port of Shanghai, the busiest container port in the world in 2019, as well as in other major ports in China (Ningbo, Guangzhou, Tianjin, Xiamen, Dalian and Qingdao), dropped almost 20% in February in comparison to the same month in 2019.

Among Chinese port operators and ocean carriers, it is indicated that volumes were reduced by 20-40% in the three weeks from 20 January to 26 February. A 30% drop in container volume in China implies a 9% worldwide reduction in overall container volume in 2020 compared to 2019, unless the deficit is recovered later. Total container volumes handled at Chinese coastal ports dropped by 10.1% in the first two months of 2020 compared to the same period in 2019. Latest statistics from all Chinese coastal ports (including Hong Kong) show a 15.8% decline in total container throughput in February, due entirely to the extended holidays imposed in China following the outbreak of the COVID-19 pandemic (Drewry, 2019a).

Apart from ports in Hubei, all other Chinese ports have resumed normal operations since the end of February, but volumes have not fully recovered to their pre-holiday levels. Further volume declines are expected in March, which will probably have a significant impact on global container throughput, as Chinese ports accounts for 33% of global volumes, according to Alphaliner.

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<sup>16</sup> Drewry and Alphaliner also forecasted similar y-o-y growth for 2020 in the end of 2019: 3.3% and 3.5%, respectively. In 2020, both have a less optimistic forecast for 2020. The last Clarksons mentioned is from March 2020.

Table 2 shows the year-over-year growth rate (in percentage and million TEU) of containers moved in Singapore and Chinese ports in February 2020 in comparison to February 2019.

**Table 2: Chinese ports + Singapore year-over-year growth rate in February 2020 in comparison to February 2019**

<b>Chinese ports (+ Singapore)</b>	<b>February 2020 (million TEU)</b>	<b>y-o-y change (%)</b>
Shanghai	2.30	-19.6%
Ningbo	1.54	-21.0%
Shenzhen	1.21	-24.4%
Hong Kong	1.19	2.6%
Guangzhou	1.15	-17.9%
Qingdao	1.35	-6.9%
Tianjin	0.91	-17.3%
Xiamen	0.64	-15.8%
Dalian	0.42	-38.2%
Lianyungang	0.37	-2.6%
Singapore	2.90	5.8%

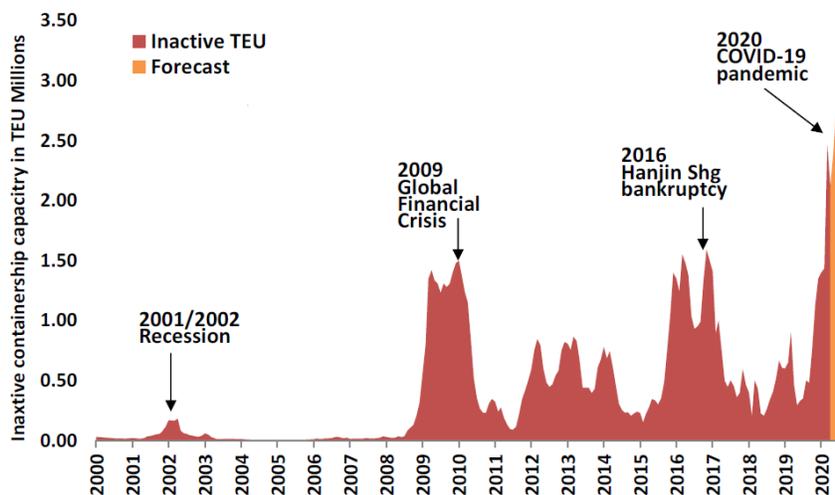
Source: authors based on Alphaliner; Singapore Maritime Authority, 2020.

### **C. Shipping fleet: the increase of inactive containerships**

With millions of consumers around the globe in quarantine and millions of jobs being affected by the COVID-19 pandemic, priority has been given to the consumption of essential goods as foodstuff and medical supplies. As a result, trade is being affected and key container routes are negatively impacted with the drastic demand decline – Alphaliner (2020) and the World Trade Organization (WTO) (Splash247, 2020c) predict a reduction in world trade of 30% and 32%, respectively.

The Alphaliner edition from April 2020 shows severe effects of COVID-19 in shipping. According to their last newsletter, the inactive containership capacity in 2020 due to the COVID-19 pandemic had already surpassed the level observed in the 2009 global financial crisis, when the inactive containership capacity reached approximately 1.5 million TEU. In 2020, it is forecasted to reach over 2.5 million TEU, as shown in Graphic 1.

**Graphic 1: Total inactive containership fleet capacity / % of total fleet**



Source: Alphaliner, 2020

The sudden massive volume of blank sailings announced in recent days is set to break records. The inactive containership fleet has dropped to 338 units for 2.12 million TEU as of the end of March 2020 (Alphaliner, 2020). The decrease is also explained by the Chinese holidays in February and the restrictions imposed due to the pandemic. The inactive containership fleet had actually been dropping for most of March, having hit a record of 2.46 million TEU on the 2<sup>nd</sup> March.

According to DHL (2020), the number of inactive ships in the larger segments (above 7,500 TEU) continues to increase, while the remaining units are still waiting to return to operation after the last two months' detentions caused by the spread of COVID-19. The reduction in the number of shipments from the Far East has also reduced demand for food volumes in Europe and the Caribbean, resulting in increased deliveries from smaller feeder vessels of less than 1,500 TEU.

#### **D. Blank sails: how to manage the balance between full and empty containers**

In February 2020 alone, ocean carriers cancelled approximately 105 trips on routes from Asia (touching China) to North America and the Northern European and Mediterranean regions (Drewry, 2020b). The problem of replacing containers, especially reefers, has been increasing and, despite the return of workers to ports, demand and supply of containers remain very unbalanced.

According to data published in Splash247 (2020a), shipping lines started calling at Chinese ports again as the COVID-19 infection rate in China declined and production resumed. Some but not all of the schedules blanked during February were reinstated as outputs and started to

rise again. Many boxes which had stranded during the initial lockdown finally sailed. Table 3 summarises the cancelled sailings and waiting times worldwide (dates considered in brackets):

**Table 3: Cancelled sailings and waiting times worldwide**

	April-19	April-20	% variation
Cancelled sailings (number)	17	66	288%
	Average weeks (13-14/2019)	Average weeks (13-14/2020)	% variation
Ship waiting times (hours/ship call)	30	20	-33%

Source: Drewry Supply Chain Advisors, 2020.

Among the main European container ports, Rotterdam (no. 1 in Europe) and Hamburg (no. 3) handle the highest number of containers in relation to China. Moreover, China represent about 30% of Hamburg's container throughput and about one fourth of Rotterdam's volume. Europe's second largest container port, Antwerp, is less exposed to trade with China: 12% of total TEUs handled in 2019. Valencia (no. 5 in Europe in 2019) and Bremerhaven (no. 7) show similar relative dependencies on China (Porteconomics, 2020).

In India, with the country under a three-week lockdown, exports have dried up and many ports have declared force majeure. A number of carriers have therefore decided to omit Nhava Sheva and Mundra calls.

Splash247 (2020a) reported how the number of blank sailings for the coming months has rocketed over the past week with 2M partners MSC and Maersk leading the way, cancelling 21% of Asia-Europe capacity in the second quarter of 2020. THE Alliance carriers have now blanked 15 Asia-Europe sailings from week 15 to week 19, slashing their capacity on this tradelane, like 2M, by 21%. The third liner grouping, Ocean Alliance, is expected to announce similar cancellations very soon.

Maersk sent out a raft of voyage cancelation notices. Besides the ones covered later in this report, these, amongst others, involve the Far East-Latin America, Europe-ISC Middle East and Middle East/ISC-East Africa corridors.

In Latin America and the Caribbean, an initial review of the short-term impacts of the pandemic and the new control procedures on the shipping and maritime operations point to an

average additional delay of 2.5 to 4 days in the arrival of import containers at their final destination. Similar delays have also been detected in inland border-crossing and for the delivery of air cargo, apart from increased prices of some essential goods. According to port operators, the negative effects observed to date have been severe, and in some cases are aggravated by logistics bottlenecks, for instance, the lack of storage capacity at ports and the unavailability of empty containers, and the need for new institutional arrangements for crisis management.

In terms of shipping, the LAC region, a total of 20 blank sailings were registered on the West Coast of South America (WCSA) and 4 on the East Coast of South America (ECSA), i.e. approximately a 50% of cancellations. Globally, more than 2 million TEU are already out of service, representing 8.8% of the total. As a background, the comparable impact would be that of the global economic and financial crisis in 2009. At that time, slightly more than 1.5 million TEUs were cancelled, a figure that has now been overcome, bringing us to a historical record in absolute terms. In percentage terms, the current figure is lower, since at that time the paralyzed fleet was equivalent to 11.7% of global capacity.

The ports of the Caribbean coast in Panama had a decrease of 2% the movement since February 1<sup>st</sup>. According to the port operators, the figures expected can vary from -5 to -10%. In Mexico, west coast ports had a drop of 5% from February 1<sup>st</sup> to the middle of march. A decrease of 7% in WCSA ports, and 6% in ECSA were accounted so far in the same period.

The Panama Canal Authority Administrator reported that, as a result of the impact of the pandemic, on March 27, 32 transits had been recorded on the interoceanic waterway and 52 cancellations of vessels that had been booked.

### **III. Some reflections for actions required during emergency situations**

Emergency situations require actions and government preparedness to act accordingly. For what we have experienced so far, in some cases there is good-will in meeting first needs, but also a lack of coordination in a first reaction from countries facing a vital crisis such as this pandemic.

Currently, sea freight is too slow for some products and, due to the scrapping of most passenger flights, airfreight has become unreliable. Maersk has therefore launched Maersk Bridge. The carrier utilizes its logistical network to move medical supplies by air from China to Denmark. CMA CGM offers similar services through its CEVA logistics subsidiary. Due to the low fuel price and high transit costs in the Suez Canal, CMA CGM is sending the 16,000 TEU “CMA CGM Alexander Humboldt” on its return leg from Algeciras to Port

It is essential that not only ports, but the entire supply chains remain safely operational to cope with the pandemic. Logistics services, both international and domestic, are not only essential

to ensure the smooth flow of supplies for the population, but also to keep the national industries and manufacturing sectors running. Some measures needed for achieving these goals are:

- 1) The establishment of special or fast-track customs procedures for the import of medical supplies and other critical products for the population, as well as preferential procedures and the authorization for unlimited amounts of international donations of such items. Similarly, it is essential to consider special measures for the transit of food, medical equipment and other merchandise towards landlocked countries.
- 2) Although air transport has dropped drastically in terms of number of passengers, it could play an essential role for the supply of medical items, as well as for other products purchased online by consumers. Strengthening the air cargo capacity through passenger aircraft for international or domestic distribution may require adapting and increasing the flexibility of some regulations, such as time slots and permits for cargo operations, in order to take advantage of the existing idle capacity.
- 3) With regard to the logistics workforce, it is essential to facilitate operations and provisions for crew change, urban supply and distribution operations. For international crew members not exposed to social interaction, a possible measure is to exempt them from the 14-day quarantine requirements in order to ensure that cargo supply chains are maintained, as well as to allow product delivery at any time. Along with this, provisions must be taken to ensure that the correct methods are used to protect them from being exposed to the virus and to apply regular free tests for the detection of Covid-19, assuring them the protection of their income in case of contagion or critical illness.
- 4) It is necessary to foster the creation of social and political committees for emergency response throughout the logistics system, ensuring wide representation, including that of unions and professional associations, as a way to safeguard port workers, stevedores and crew members from potential exposure to an infectious disease.
- 5) It is essential to facilitate the transit of goods, particularly foodstuffs, water and medical supplies. Some regional integration initiatives, like the Mercosur countries, have agreed on the free circulation of cargo, goods and inputs by air and land into the bloc, besides other measures to facilitate communication and promote people's wellbeing. Some governments have already adopted resolutions allowing critical supplies, some of which could previously only be imported by air, to be carried by any mode of transport, reducing time and delivery costs.
- 6) Border should remain open for humanitarian assistance. Mexico and Panama, for example, has adopted a special protocol allowing for the disembarkation of cruise ships strictly for humanitarian reasons. Along with the United States, this country has

reached an agreement to keep the border open to the economic exchange, agreeing not to limit the normal flow of workers, students and other persons involved in cross-border trade, such as drivers of cargo trucks.

- 7) Finally, in the current context of the COVID-19, the use of technology should be more widely promoted, along with encouraging e-commerce and cross-border digital services. The adoption of virtual platforms such as the Port Community Systems (PCS), the Single Window for Foreign Trade (VUCE), Integrated Information System (IIS), and of tools such as Blockchain technology would allow the operational continuity of essential processes for international trade and national logistics. The current contingency may be an opportunity to move forward with digital government and paperless trade, providing greater resilience to processes and a higher level of confidence to users about the key role of technology in logistics.

## **Bullet Points**

### Trade Forecast

- From a forecast of 3.6% growth in container trade worldwide from the last quarter of 2019, to 2.5% in January 2020, new projections have lowered down expectations to -4.9%.

Grain Exports (the top 3 expected exporters are: Brazil, the United States, and Argentina).

- Shipments from Brazil to China in the first two months of the year reached 5.14 million tons, a 26% drop compared to 2019.
- Arroyo Seco to Timbúes, Argentina, during March 23-25 and March 16-18 2020 to 2019, a comparison of the total tons loaded with grains, flours, oils and biodiesel between the two periods shows a 54% drop.
- Paraguay presented a decrease of 3.5% in February 2020 in comparison with the same period of last year.

### Minerals Exports

- In January and February 2020, Chile's exports decreased 10.5% compared to the same period in 2019, and almost 50% of the total exports are minerals.
- In Peru, total exports of the country fell by 4.3% in the first month of 2020, due to the reduction in exports of important products such as copper (-7.5%), natural gas (-58%), coffee (-31%), fishmeal (-23.5%) and textiles (-20.7%). Copper exports have also decreased (-10%).

- Regarding Brazil, in the case of iron ore and its concentrates, the shipments for the months of January and February 2020 were 21.3% lower than the average of the same period in 2019.

#### Port Movements (2020 compared to 2019)

- In Mexico, from January to February, the Pacific coast had a growth of 1%. The Gulf coast went through a drop of -5,1%.
- The port of Callao, in Peru, from January to March, showed a decrease of -13.2% in its operations.
- In Argentina, during the first trimester, Buenos Aires presented a great variation in throughput. In January and February there was an increase of 8,3% and 13,8% respectively, while in March there was a drop of -15,3%.
- In the central region of Chile, the two main container ports presented a significant decrease in their throughput. Main terminals in the ports of San Antonio and Valparaiso experienced a joint drop of -16.5% of throughput during the first trimester.
- On the other hand, during January and February 2020, the total throughput of Brazil has shown an increase of 2,6%; and the Port of Santos, the greatest in movements in the country, during January to March 2020 had had an increase of 11% in their throughput.
- The hub port of Colón, Panama, had an activity increase of 22,5% in the first trimester of 2020. For the other terminals and ports in Panama, on the Pacific Coast, an increase of 24.4% was registered in 2020 in comparison to the same period in 2019. On the Caribbean coast, the growth was smaller than on the other coast, but still had a considerable 14.5% of increase in their activity. (The increase of the throughput in Panama is possibly result of temporary itinerary changes due to the COVID-19).
- In Bolivia (Plurinational State of), there was a drop of 60% on imports, specially coming from Arica, Chile, and Matarani, Peru, due to heavy sanitary control.

#### Shipping

- The number of sailing cancelations is increasing, in some routes have already reached 20% of their capacity.
- With regard to the Panama Canal, 52 ships have cancelled their reservations due to the effects of COVID-19.

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