



# The Covid-19 Impact on your import and export business

# Update on freight movement issues

## Import and Export

### Airfreight

- Absence of passenger aircraft
  - Reduces airline ability to offer freight space
  - Freighter only
  - = Rates up
- Some places no airlines are flying to
  - Lack of demand vs unwillingness
  - Gambia

## Airfreight contd...

- China PPE clampdown on exports from China
  - *“If the manufacturer is not into the white list, it seems the supplier haven't the qualification to export this kind of products. Our government make the strict export policy, to ensure every anti-virus product export from China is with good quality”*
- knock on effect
  1. Global PPE airfreight rates sky rocketing
  2. knock on effect of airfreight costs ALL products
  3. profiteering

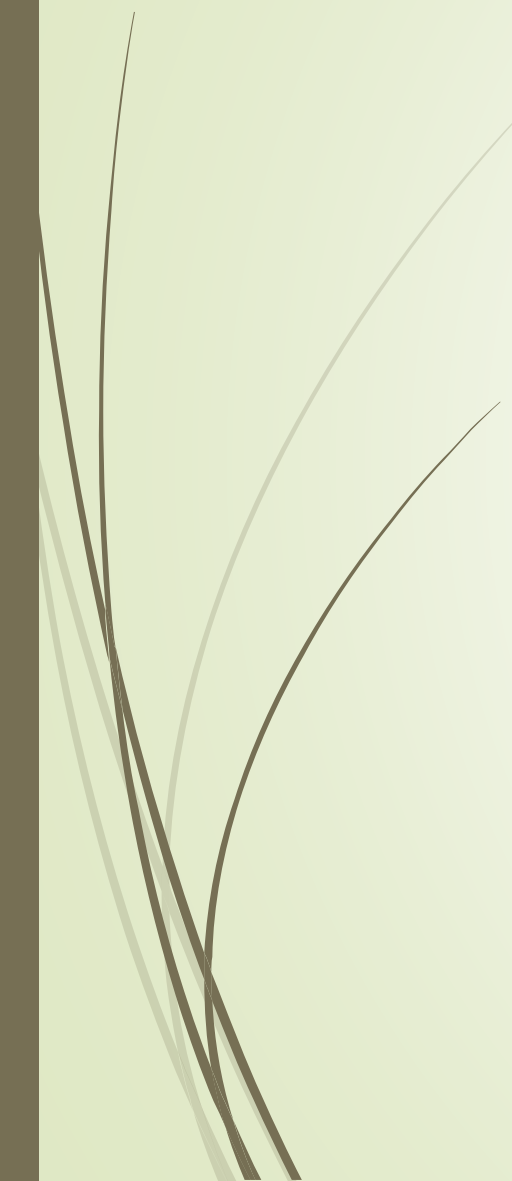


## Sea freight

- Can get bookings but...
  - Capacity down
  - Booking further ahead
  - Rates higher everywhere
- Ports
  - Mainly still operating



# Coming out of lockdown

- Some countries tighter than others
  - E.g. NZ, Australia, India, Gambia
  - Far East starting to open up (some parts of Europe too)
  - A steep or gradual increase in demand?
    - E.G. Malt shipped to Aus for beer
- 



# Reviewing Your Export Market Selection

## Proactive Approach

- What makes an attractive market to me?
- How do I identify and prioritise those markets?
- Duration of Covid-19 Implications in target market
- How many markets can I realistically handle at any one time?
  - Scattergun vs Sniper
  - Resources – Financial, Personnel, Time
- How will I enter each selected market?

# The Proactive Approach

Breaking your export plan down into bitesize chunks

The S.T.O approach

- Strategic
- Tactical
- Operational





Resources

Economic Issues  
Country and consumer

Cultural, social, demographic

How many markets can we realistically handle?

What makes an attractive export market for us?

Legislation, ease of doing business, shipping times

How do I identify my best target markets?

# Strategic

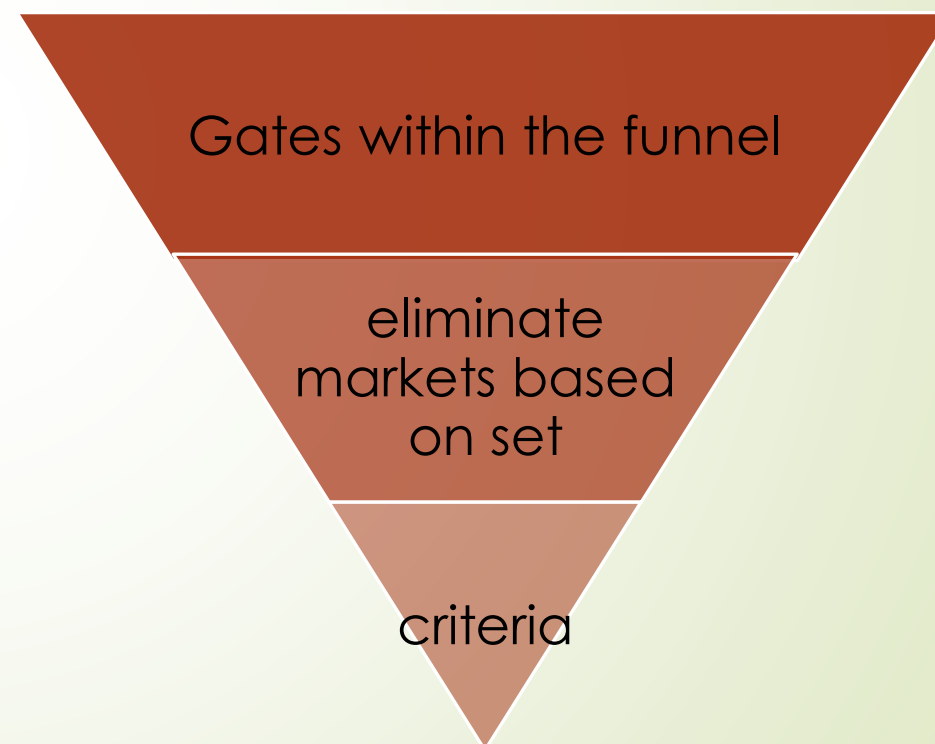
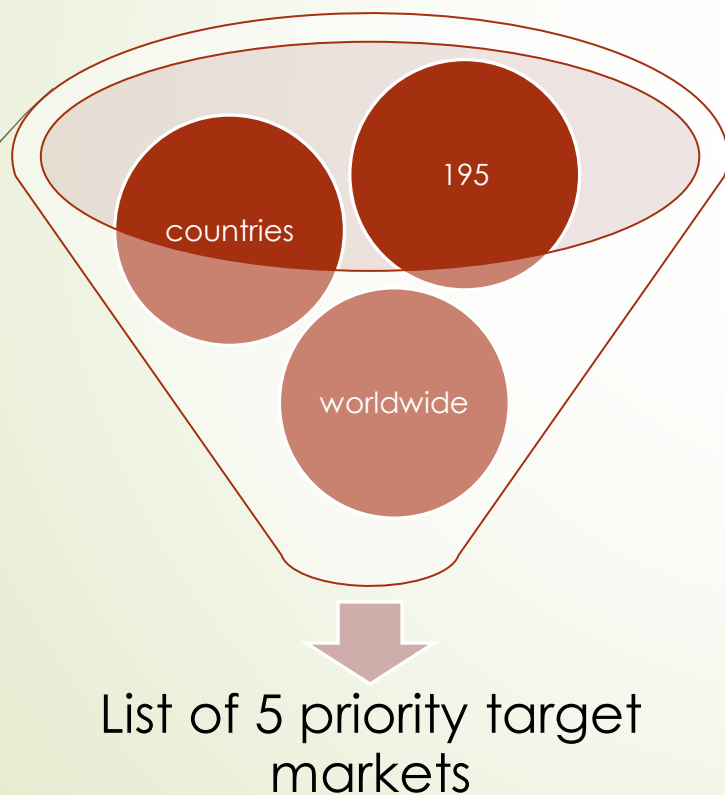
What about the practical issues?

Priority list?

Duties and licenses?



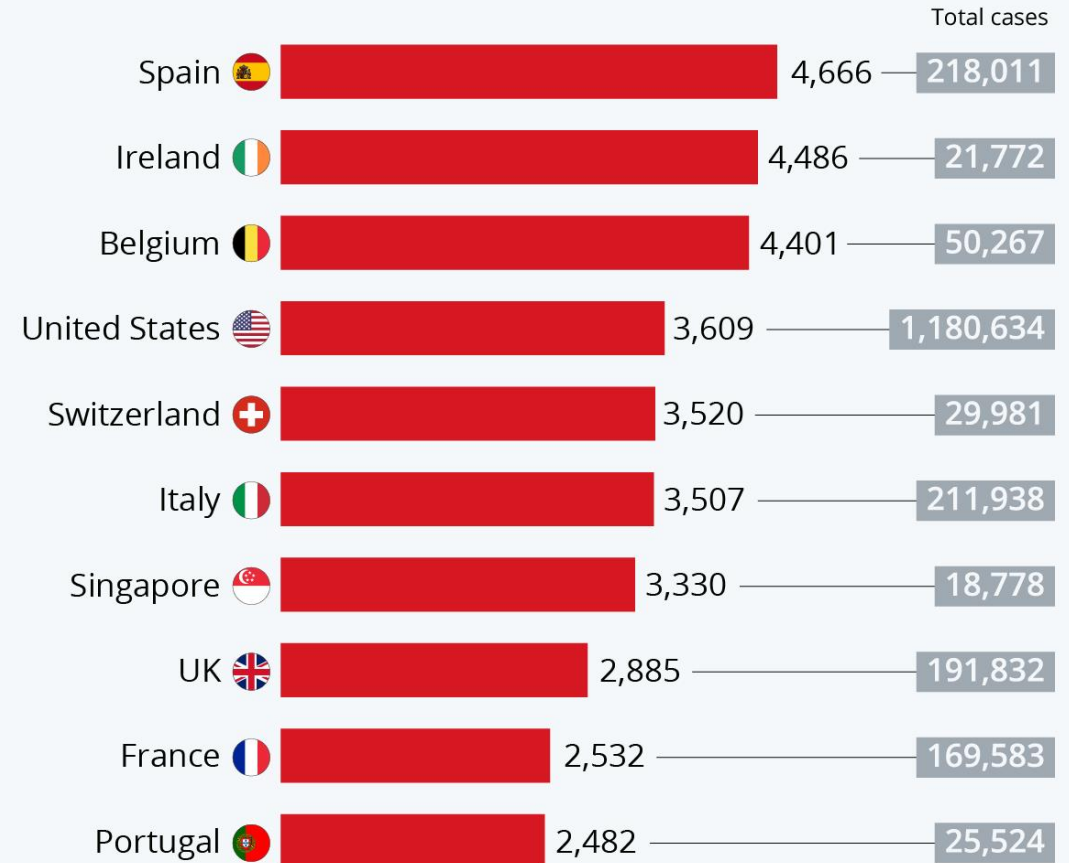
# Our Gateway System



Short to mid term impact  
Vs  
Long term strategy

## COVID-19 Cases per Million Inhabitants: A Comparison

Confirmed COVID-19 cases per one million population\*



\* Of countries with a population over four million and with over five thousand confirmed cases.

As of 07:30am CET on May 5, 2020. Based on 2018 population figures.

Sources: Johns Hopkins University, World Bank



# Starting Point – An example

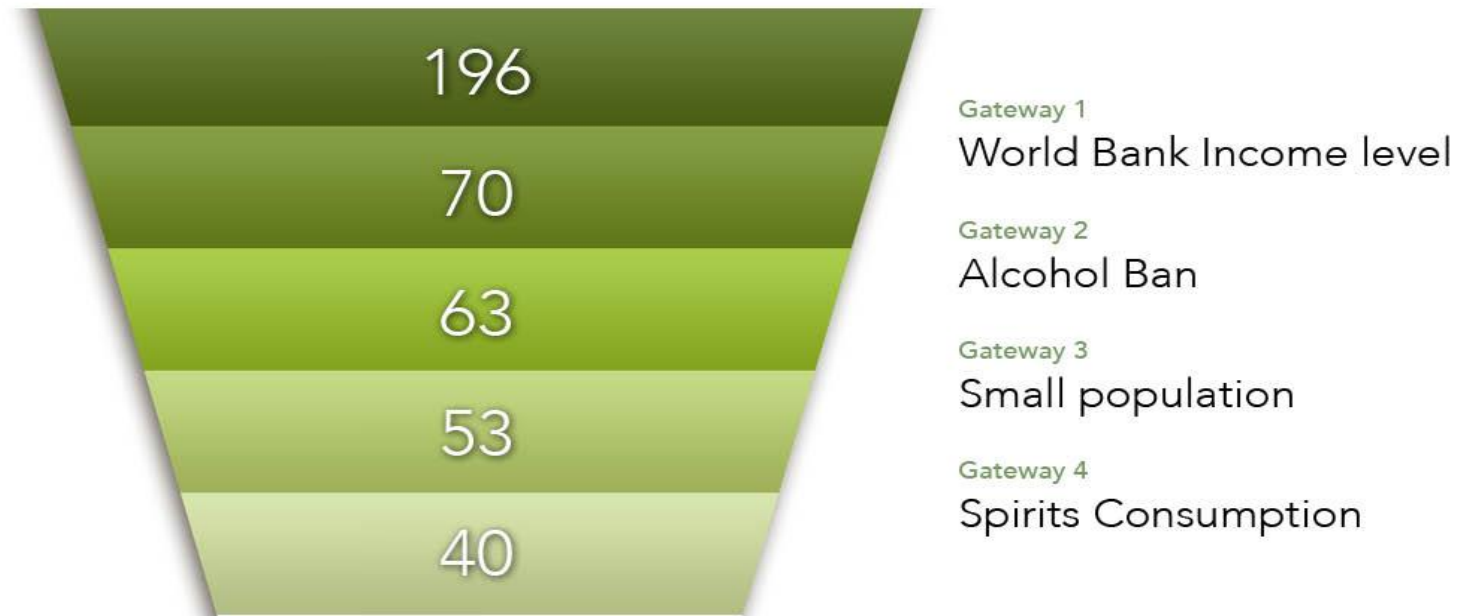
- Country Name
- World Bank Income Level
- Ease of Doing Business, World Ranking (out of 189)
- Population millions
- GDP Growth (2014, 2015, 2016)
- GDP trend '15 to '16
- Av monthly Wage \$
- Income share by highest 10%
- Av consumption per capita
- Any product prohibitions enforced
- %age of household expenditure
- World Bank Consumption Data

A1 Country Name

Country Name	World Bank Income Level	Ease of Doing Business, World Ranking (out of 189)	Population	GDP Growth				GDP trend '15 to '16	Av monthly Wage \$	Income share by highest 10%	Av alc consumption per capita in litres of pure alcohol	of which spirits	LxM	Alcohol Prohibition Enforced	%age of household expenditure on food and drink
				2013 act	2014	2015	2016								
Antigua and Barbuda	High Non-OECD	89	0.089	1.817	1.855	1.729	2	0.271	-	8	47%	3.76	No		
Australia	High OECD	10	23.13	2.328	2.823	2.897	3.012	0.115	4204	29	14.5	12%	1.74	No	14%
Austria	High OECD	21	8.474	0.27	1.009	1.855	1.661	-0.194	4335.5		13.8	14%	1.932	No	12%
Bahamas, The	High Non-OECD	97	0.377	0.667	1.2	2.1	2	-0.1			12.5	50%	6.25	No	
Bahrain	High Non-OECD	53	1.332	5.323	3.878	2.949	3.111	0.162			21.2	57%	12.084	Partial	
Barbados	High Non-OECD	106	0.284	-0.3	-0.554	0.548	1.509	0.961			10	49%	4.9	No	
Belgium	High OECD	42	11.2	0.196	0.981	1.401	1.496	0.095	4715.8		12.8	15%	1.92	No	15%
Brazil	Upper Middle	120	200.4	2.5	0.1	1	2.5	1.5	695	42	15.1	36%	5.436	No	18%
Brunei Darussalam	High Non-OECD	101	0.417	-1.75	5.301	2.988	3.383	0.395			4.3	7%	0.301	Yes	
Bulgaria	Upper Middle	38	7.265	1.1	1.4	1.1	2	0.9	542.7	26	16.9	44%	7.436	No	23%
Canada	High OECD	16	35.16	2.022	2.272	2.446	2.356	-0.09	4905.1	26	13.2	27%	3.564	No	13%
Chile	High OECD	41	17.62	4.2	1.7	2.9	3	0.1	925	42	14.6	29%	4.234	No	
China	Upper Middle	90	1357	7.7	7.4	7.1	7	-0.1	704	30	15.1	69%	10.419	No	23%
Colombia	Upper Middle	34	48.32	4.7	4.7	4.4	4.3	-0.1	392	42	12.9	33%	4.257	No	
Cost Rica	Upper Middle	83	4.872	3.5	3.7	4.1	4.2	0.1	1101	37	10.5	36%	3.78	No	
Croatia	High Non-OECD	65	4.253	-0.9	-0.5	0.5	1.2	0.7	1383.9	28	15.1	15%	2.265	No	
Cuba	Upper Middle	-	11.27	3	2.7	2.51	2.45	-0.06			8.3	59%	4.897	No	
Cyprus	High Non-OECD	64	1.141	-5.411	-3.221	0.425	1.563	1.138			10.8	34%	3.672	No	15%
Czech Republic	High OECD	44	10.52	-0.7	2.5	2.7	2.7	0	1287.4	22	14.6	26%	3.796	No	20%
Denmark	High OECD	4	5.614	0.417	1.54	1.798	1.864	0.066	6057.1	22	12.9	14%	1.806	No	13%
Dominican Rep	Upper Middle	84	10.4	4.6	5.9	4.9	4.7	-0.2		36	12.4	43%	5.332	No	

Starting Point Exclude Alc Ban Exclude Small Population Excl low alc cons per capita EU vs ROW EU ROW

# Gateway System Analysis



# Where to get help at the Strategic Phase

- Internal Review, Diagnostic Tools
- World Bank
- World Health Organisation
- IMF
- Eurostat
- Market Access Database
- Trade Associations and governing bodies
- Trade Journals
- HMRC
- World Trade Organisation
- Sub-contract export departments, 3<sup>rd</sup> party consultants, market researchers

# Tactical

Direct, Distributors,  
Agents, Franchise

What's our optimal route  
to market?

What resources  
do we have  
internally?

Suitability

What trade fairs should  
we visit or exhibit at?

Impact internally  
vs outsourcing

What does my ideal  
overseas partner look like?  
How do I find them?

How to manage  
and develop them

Language, time  
and cultural  
barriers

# Where to get help at the Tactical Phase

- Internal Review, Diagnostic Tools
- Export advisors, consultancies and sub-contract export departments
- In-country chambers of commerce
- Peer to peer Networking
- DIT





Cert of Origin,  
EUR1

Travel

What documentation  
do we need?

What are the  
implications  
on my time?

What about the  
financing ?

# Operational

Paperwork and  
bureaucracy

Operational finance,  
L/Cs, FX, Incoterms

Can we handle the  
extra administrative  
burden?

How can we fulfil the  
extra orders?

Production capacity,  
packing, despatch

# Timing of the Operational Phase

- Should feed in to the research phase of your market entry.

## Anonymous of Suffolk

- SASO certs after the event
  - Serious impact on margin and future development of the market

## Horticultural product to Canada

- English and French onto a small packet?
  - Canadian English and Canadian French!

# Where to get help at the Operational Phase

- Chambers of Commerce
- UK Export Finance
- Knowledgeable Logistics Company
- Bank
- Foreign Exchange Specialist
- Sub-contract export departments

# Additional Practicalities

- Know your Incoterms® 2020
- FX Strategy
- How will you get paid?
- Logistics partner
- IP protection
- Distributor Agreements



# Parting Words



Be positive and proactive

Keep your strategy specific to your  
company – don't be a sheep

To book an Export Strategy Meeting

call: 07853 107499

Email: [jim@yourexporthdepartment.co.uk](mailto:jim@yourexporthdepartment.co.uk)