

Logistics Industry in the Event of Pandemic (Covid-19): Malaysia Experience

Dr Harlina Suzana Jaafar

Universiti Teknologi MARA, Shah Alam, Selangor, MALAYSIA

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Background

- Globalisation and integration of markets has increased the volume of international traffic of both goods and people at an accelerating pace.
- Improved access to travel and global integration of economies has also eased the ability of infectious diseases to spread from nation to nation.
- With a significant increase in the world's population, international travel and globalisation of trade, the possibility of a recurrence of the 1918 epidemic would result in a significantly higher death toll.
- The impending threat of highly infectious diseases has reverberating effects on the landscape of international health, trade liberalisation and the economic progress of developing nations.

Background (cont.)

- The survey by World Economic Forum revealed that the Avian flu crisis was ranked as the number one risk concerning multinational businesses and national leaders, with bioterrorism ranked as second.
- Thus, the avian flu situation poses a direct threat to global health and international economic and political stability.
- Pandemics of the size of Covid-19, have huge economic impacts not just from the costs of managing the health of people, but stopping them, and keeping the economy working.

Historically, an influenza pandemic is expected to occur three or four times in a century (WHO, 2004).

Influenza Pandemic Past 100 years



1918-1919

1957-1958

1968-1969

1997

2009-2010

Spanish Flu (H1N1)

50 million deaths in 18 months.

Suspected outbreak was in China.

The Great War was believed to have contributed to the rapid spread of the disease, due to mass movement of men and goods aboard ships.

Asian Flu (H2N2)

First reported in Singapore in Feb 1957, Hong Kong in April 29157. In coastal cities in the US in summer 1957.

Estimated 1.1 million deaths worldwide.

Hong Kong Flu (H3N2)

First noted in the US in Sept 1968.

Estimated 1 million deaths worldwide.

Excess deaths were in people 65 years and older.

Avian flu (H5N1)

The first case of human infection occurred in Hong Kong in 1997.

Infection confirmed in 18 individuals, 6 of whom died. Infections were acquired directly from chickens.

The outbreak was halted by a territory wide slaughter of more than 1.5 million chickens at the end of December 1997.

Swine Flu (H1N1)

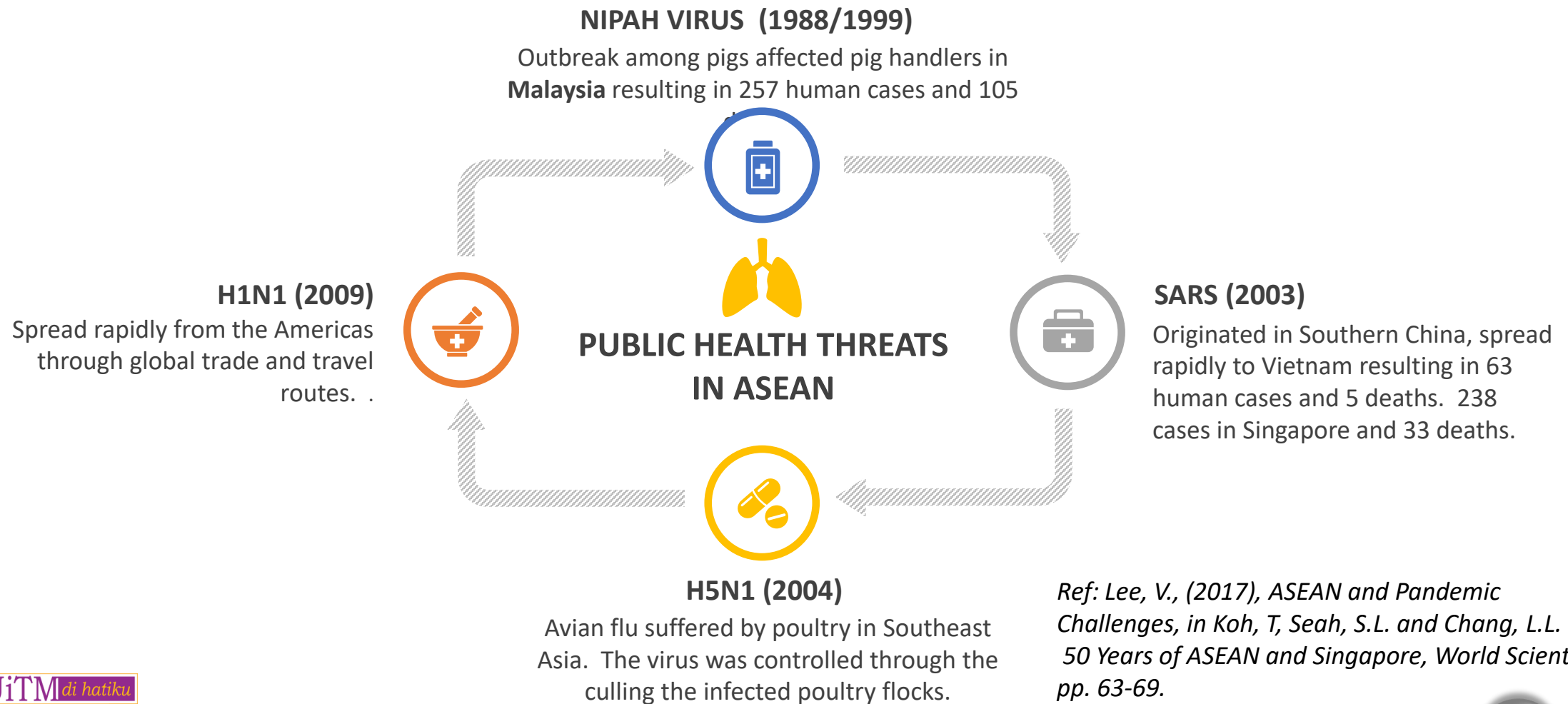
Respiratory disease of pigs caused by type A influenza virus. Swine flu viruses do not usually infect humans, but rare human infections have occurred.

Approximate number of deaths up to 575,000.

Likely emerged from Mexico in April 2009.



Public Health Threats from emerging infectious disease in ASEAN



Ref: Lee, V., (2017), ASEAN and Pandemic Challenges, in Koh, T, Seah, S.L. and Chang, L.L. (Eds.) 50 Years of ASEAN and Singapore, World Scientific, pp. 63-69.



Coronavirus Disease 2019

COVID-19

PANDEMIC

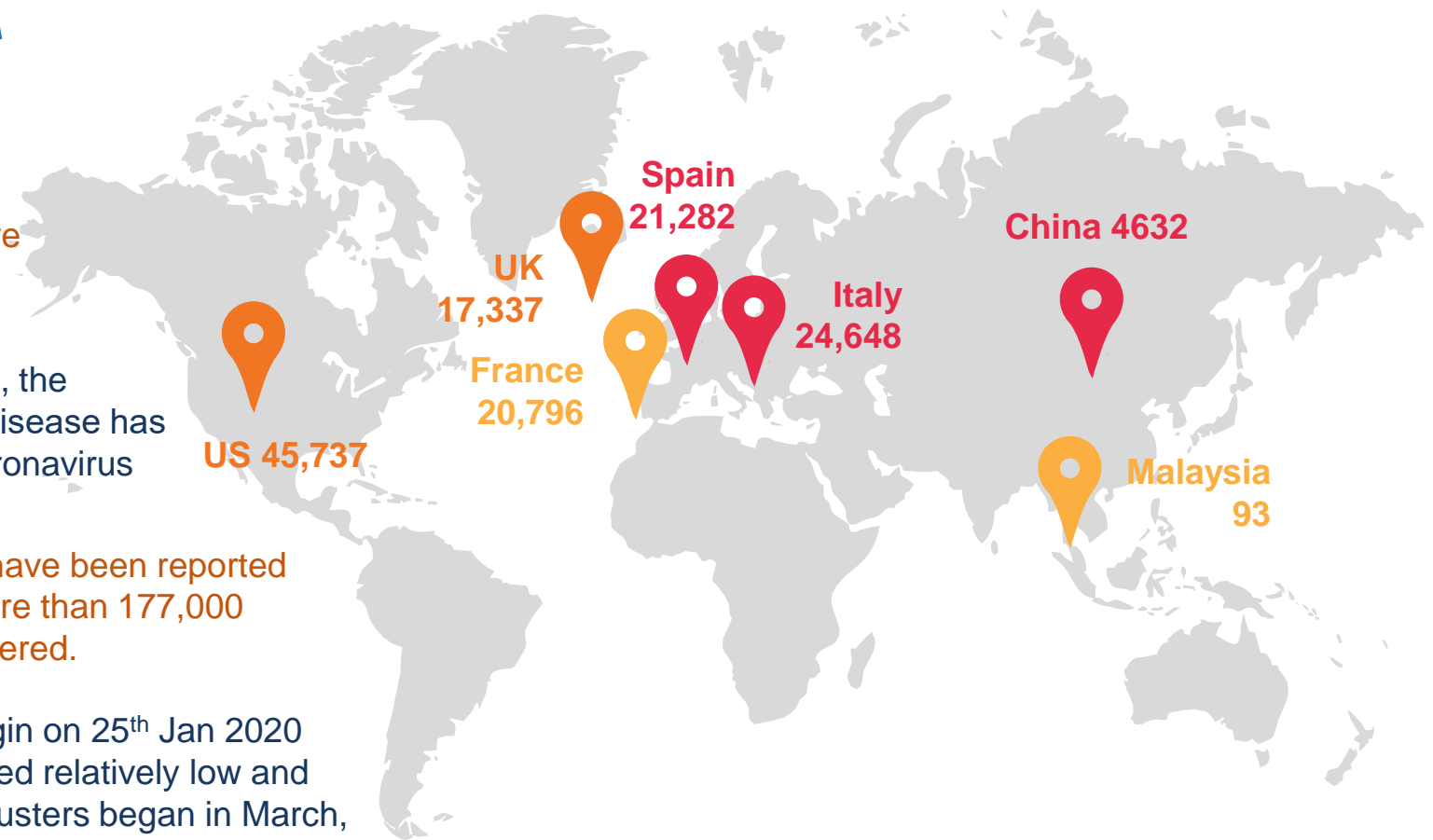
Deaths -Top 5 Countries, Malaysia and China

Covid-19 is an infectious disease caused by Severe Acute Respiratory **Syndrome Coronavirus 2 (SARS-CoV-2)**.

Covid-19 was first identified in Dec 2019 in Wuhan, the capital of China's Hubei province. Since then, the disease has spread globally resulting in an ongoing 2019-20 coronavirus pandemic.

As of 22 April 2020, more than 2.56 million cases have been reported across 185 countries and territories resulting in more than 177,000 deaths, and more than 686,000 people have recovered.

The outbreak of Covid-19 in Malaysia traces its origin on 25th Jan 2020 from travelers from China. Reported cases remained relatively low and largely confined to imported cases until localized clusters began in March, the largest cluster was linked to a religious gathering held in Kuala Lumpur.



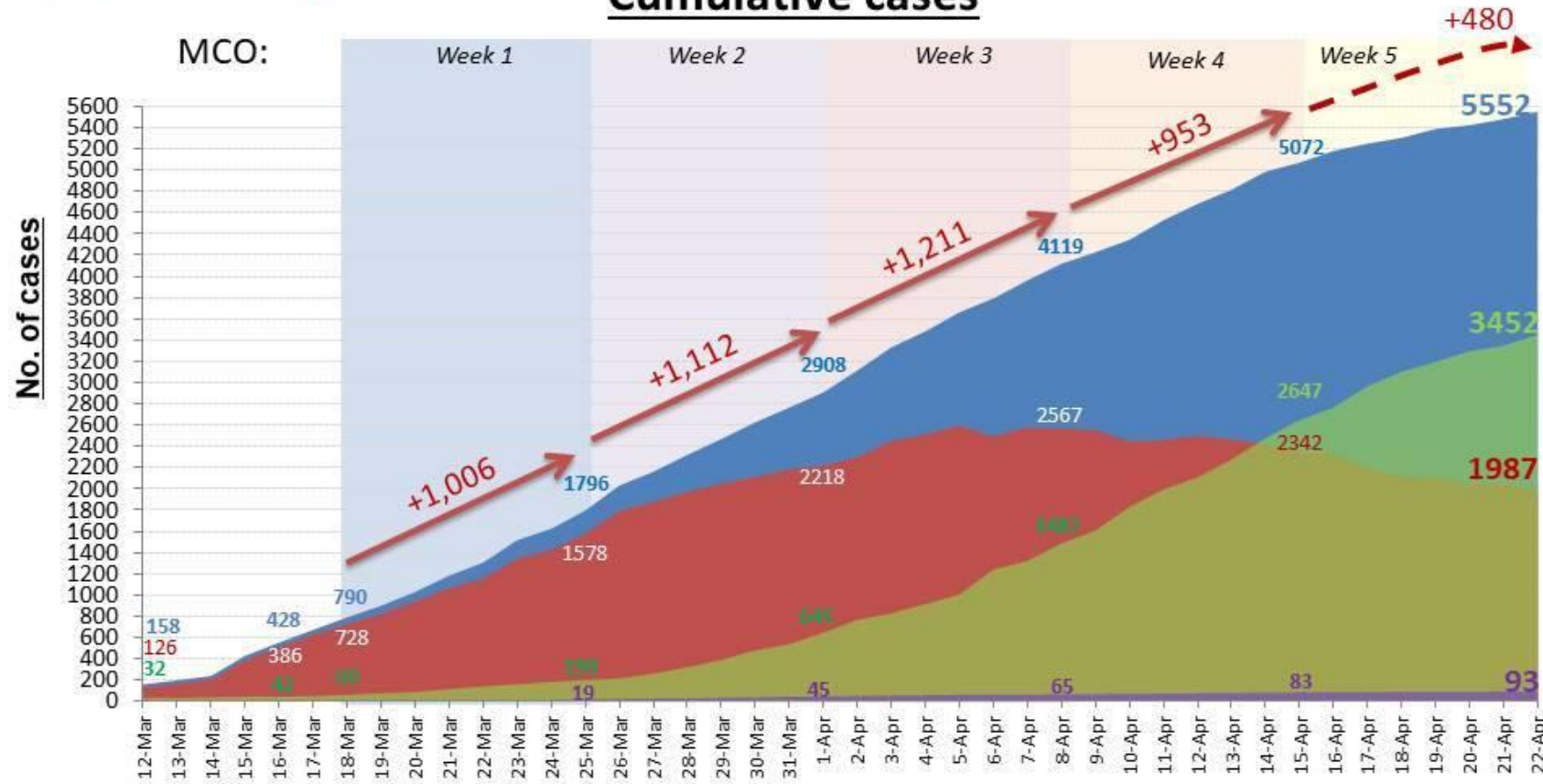
Comparisons of Confirmed, Recovered, Deaths of Covid-19 Selected Countries in Asia

Countries	Confirmed	Recovered	Deaths
Malaysia	5532	3452	93
China	82,788	77,151	4632
Singapore	10,141	896	12
Indonesia	7418	913	635
Philippines	6710	693	446
Thailand	2826	2352	49
Hong Kong	1030	650	4
Vietnam	268	223	0
South Korea	10,694	8277	238

Confirmed, Active, Recovery and Death Cases in Malaysia

UPDATE 22 Apr

Cumulative cases



	18-Mar	19-Mar	20-Mar	21-Mar	22-Mar	23-Mar	24-Mar	25-Mar	26-Mar	27-Mar	28-Mar	29-Mar	30-Mar	31-Mar	1-Apr	2-Apr	3-Apr	4-Apr	5-Apr	6-Apr	7-Apr	8-Apr	9-Apr	10-Apr	11-Apr	12-Apr	13-Apr	14-Apr	15-Apr	16-Apr	17-Apr	18-Apr	19-Apr	20-Apr	21-Apr	22-Apr
Cumulative cases	790	900	1030	1183	1306	1518	1624	1796	2031	2161	2320	2470	2626	2766	2908	3116	3333	3483	3662	3793	3963	4119	4228	4346	4530	4683	4817	4987	5072	5182	5251	5305	5389	5425	5482	5552
Confirmed	790	900	1030	1183	1306	1518	1624	1796	2031	2161	2320	2470	2626	2766	2908	3116	3333	3483	3662	3793	3963	4119	4228	4346	4530	4683	4817	4987	5072	5182	5251	5305	5389	5425	5482	5552
Active	728	823	941	1065	1157	1345	1426	1578	1793	1876	1973	2048	2110	2186	2218	2299	2453	2511	2596	2490	2579	2567	2553	2446	2462	2499	2464	2427	2342	2332	2198	2115	2103	2041	2041	1987
Recovery	60	75	87	114	139	159	183	199	215	259	320	388	479	537	645	767	827	915	1005	1241	1321	1487	1608	1830	1995	2108	2276	2478	2647	2766	2967	3102	3197	3295	3349	3452
Death	2	2	3	8	10	14	15	19	23	26	27	34	37	43	45	50	53	57	61	62	63	65	67	70	73	76	77	82	83	84	86	88	89	89	92	93
ICU	15	20	26	37	46	57	64	45	45	54	73	73	94	94	102	105	108	99	99	102	92	76	72	69	72	66	66	60	56	56	51	49	46	45	43	43

Issue

➤ **Health**



Wealth <



> **Trade-off** <



Sources of Data



5 CEOs and 4 Senior
Executives of Malaysian
and International
Logistics companies



RM300k – 1.5 mill – 6
(US68k – 344k)
RM15 mill – 50mill – 2
(US344k – 11.5mill)
More than RM50 mill – 1
(More than 11.5mill)



- Rubber
- FMCG
- Electronics
- Retail
- Heavy Cargo
- Pharmaceutical
- Oil and Gas



Malaysia Logistics Industry Scenario in the Event of Covid-19: **Company level**

- Different interpretation of the term 'essential services' among the enforcement agencies causing confusion to logistics players.
- No lead agency in providing guidelines to the logistics players and in the enforcement. Instructions comes in many forms from different agencies.
- Need strong financial support from the government in order to survive.
- Plant shutdown.
- Retrenchment.

- Lower sales volume/ cashflow/ revenue –
 - Sales drop 41-60% - 55% respondents
 - Sales drop less than 20% - 44.4% respondents.
- Survival rate of companies
 - Less than 3 months – 33.3%
 - 4 to 6 months – 22.2%
 - 7 to 9 months – 22.2%
 - More than a year – 22.2%

Malaysia Logistics Industry Scenario in the Event of Covid-19: **Industry level**

- The understanding on the term of the supply chain makes it difficult to enter operation.

“ If you are part of the essential services supply chain, you should be allowed to operate because supply chain entities are interconnected. ”

- Logistics players do not feel secure during operation because the requirements are different when it comes to the enforcement agencies.
- The industry is not ready to face the lockdown phenomena.
- The national economy will suffer and will take long time to recover.
- Need strong government support.
- Retail sales drop when buyers income drops.

10 essential services under the second phase of MCO:

- Food
- Water
- Energy
- Communications & internet
- Security and defence
- Solid waste & public cleansing management & sewerage
- Healthcare & Medical, including dietary supplement
- Banking & Finance
- E-commerce
- Logistics confined to the provision of essential services

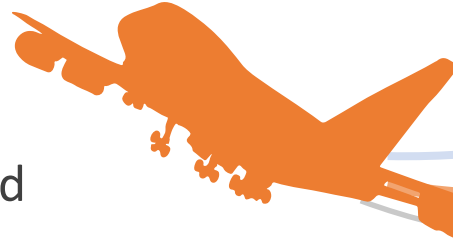
Malaysia Logistics Industry: Post Covid-19



Planned project
cannot take-off



Force to innovate and
renovate processes
and product offerings



Growth in storage
demand as
manufacturing
companies are
expected to have
more stock due to
reduction in demand.



Target sales fall
below 50%.
Slow demand.



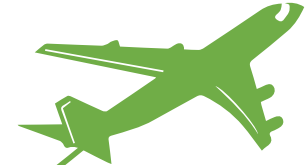
Business will be
closed for 6
months to 1 year.



Increased retail prices



Strategies Taken by the Logistics Companies



1

Resolve Immediate Challenges

- Reduce Operation and Fixed Cost
- Reduce manpower
- Lower company's overheads

2

Reform

- Seeking new business opportunity
- Diversify into Software as a service business engineering model

3

Resilience

- Collect all cash and divert to other new business
- Address cash flow and return to - full operating scale



Suggestions

Industry views on how industry should react to move on with the business and at the same time contain the spread of the disease

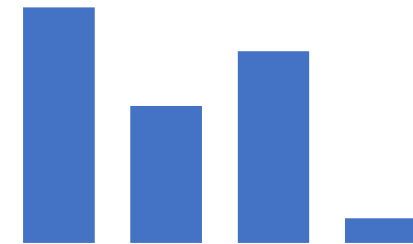
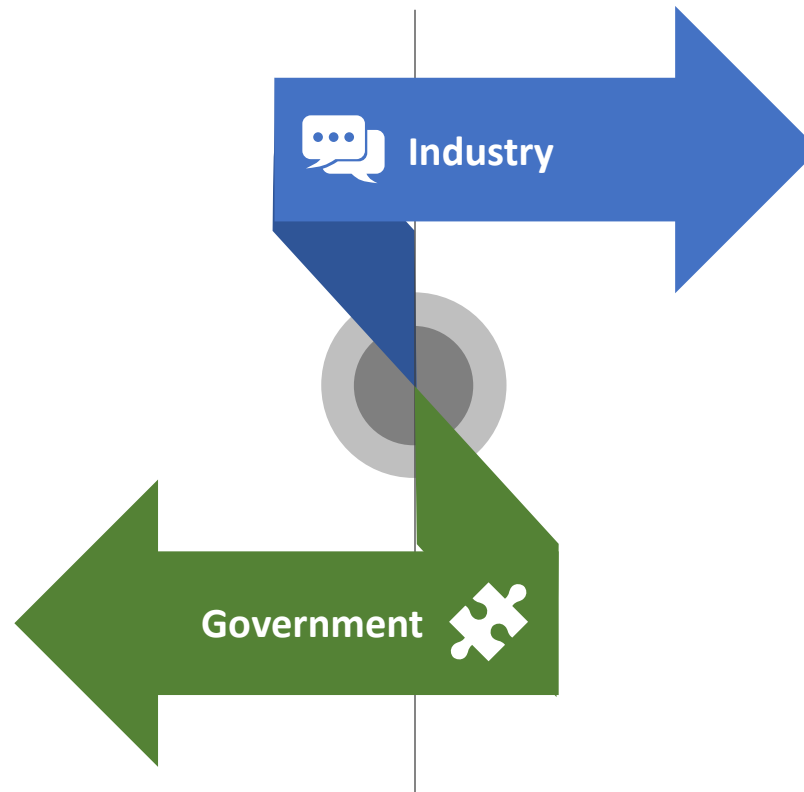
What Government should do?

Government appoints one-stop center to govern all procedures and guidelines to coordinate to avoid chaos and confusion.

Engage with LSP to ensure smooth flow within all facets of supply chain in order to avoid bottlenecks and disruptions that will reduce supply and increased prices.

Longer and more precise intervention, in terms of financial support.

Get best vaccine quickly in order to get back to normal.



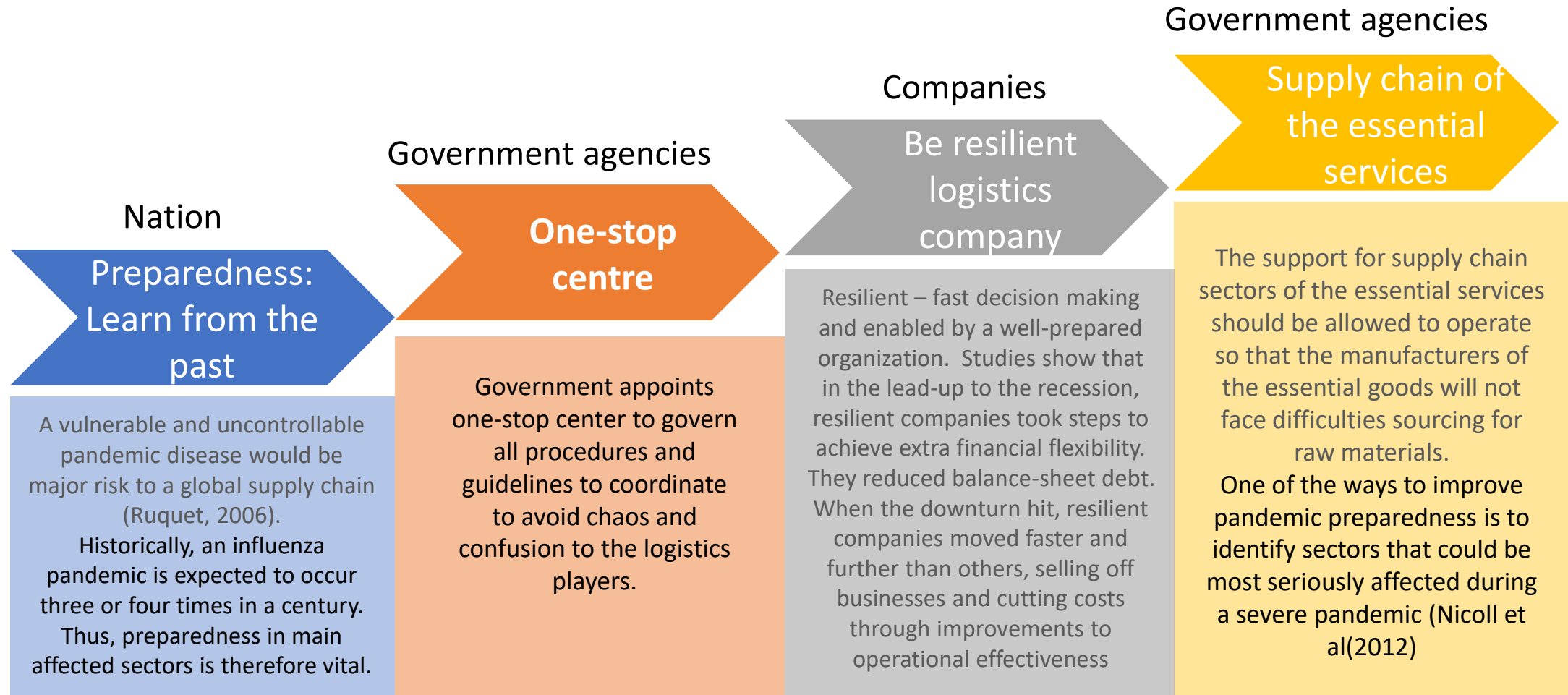
What Industry Should Do?

Business as usual but at the same time comply to the Min of Health guidelines and Min of Transport needs to adopt best practices quickly from in order to have a robust logistics policies.

Fully Implemented uCustom.



Lesson Learned to the Malaysia Logistics Industry



*Thank
you*



**MALAYSIA INSTITUTE OF TRANSPORT (MITRANS)
UNIVERSITI TEKNOLOGI MARA
40450 Shah Alam, Selangor
Tel : 03 - 5544 2343 / 2348 / 2351
Fax : 03 - 5544 2344
Email: mitrans@uitm.edu.my <http://mitrans.uitm.edu.my>**

