
Impact of COVID19 on Local Logistics Service Providers (LSPs) in Southeast Asia



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Update: COVID19 Laws in Southeast Asia

COVID-19 LAWS AND COMMITTEES IN SOUTHEAST ASIA

STATE EMERGENCY LAW



CAMBODIA

10 /04/2020

State of Emergency Law



LAOS

29 /03/2020

The Prime Minister's Order



THAILAND

26 /03/2020

Emergency Decree



PHILIPPINES

23 /03/2020

The Bayanihan to Heal as
One Act

HEALTH EMERGENCY LAW



SINGAPORE

07 /04/2020

COVID-19
(Temporary Measures) Act



INDONESIA

31 /03/2020

Health Emergency Law



MALAYSIA

16 /03/2020

Movement Control Order

COMMITTEE/ MINISTRY



MYANMAR

31 /03/2020

COVID-19 Control and Emergency
Response Committee



VIETNAM

31 /01/2020

National Steering Committee for
Covid-19 Prevention and Control



BRUNEI

WITHOUT NEW INSTITUTIONS

Brunei's Ministry of Health

COVID-19 Laws that impact assemblies,
freedom of expression, elections and
meetings of parliaments.

Impact of COVID 19 and emergency laws on LSPs* in South East Asia



- Emergency laws restrict movement of vehicles, people and goods across various Southeast Asian countries.
- Economic downturn because of COVID19 and lockdowns reduce demand for logistics services.
- The majority of local LSPs in Southeast Asia are small and medium enterprises (SMEs).
- Customers are delaying payment and truckers/customs brokers are requesting advance payment for services or at least that LSPs pay faster
- Local LSPs have limited access to capital and cash flow has always been problematic.

*) Logistics Service Providers

Performance of LSPs in South East Asia



Key Metric: Cash to Cash (C2C)

- The C2C metric is an important metric from an accounting and supply chain management perspectives.
 - For accounting purpose, the metric can be used to help measure liquidity and organizational valuation.
 - For supply chain management activities, C2C serves as a measurement bridging the processes into and out of the firm within the supply chain.
 - The cash to cash cycle range average was between 9 to 22 days in the Southeast Asia during 2017/2018.

Unit: days

KPI	Cambodia	Indonesia	Philippines	Thailand	Vietnam
C2C	9.49	19	21.77	13.9	20.29

Source: The author

Impact of COVID19 on C2C

- For SMEs having to wait for more than 7 days in normal situation to be paid by customers is already a financial burden.
- LSPs have to incur additional cost to become COVID19 compliant
- Difficult to request increase in service fees as customers are also struggling financially and cancelling orders on a daily basis
- Government related fees such as Customs duty have to be paid immediately, no credit is offered.
- The current trend is for local LSPs to suffer longer C2C.
- Today, anecdotal evidence shows a range of 60 to 120 days is not uncommon

The financial cost is too high and not sustainable...

“We face imminent bankruptcy while some have already folded and declared they are bankrupts.”

Sin Chanthy

President of Cambodia Logistics Association

Source: <https://www.khmertimeskh.com/50716985/logistics-providers-in-cambodia-face-bankruptcy-because-of-covid-19/?fbclid=IwAR3oE162DMdc7wQ7-dDb8rpsWC91uZMcCKgYxqhZ6v5xqqGq9zyEashKJSs>