



The Chartered
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Young Professionals CILT Mauritius Newsletter

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The latest news, views, and announcements

INSIDE

Message from the Chairman of Young Professionals of CILT Mauritius

A brief message from
Mr. Shane Ramburn
to our members.

Page 2

2021: A Year of challenges

A brief Resume of the
year 2021 for the CILT
Young Professionals

Page 3

An interview of the Chairman of Young Professionals of CILT Mauritius

Question Time for our
Chairman, Mr. Shane
Ramburn

Page 4

Members' Corner

The views of the office
bearers of Young
Professionals of CILT
Mauritius

Page 9





Message from the Chairman of Young Professionals of CILT Mauritius

-Shane Mohinish Ramburn, CMILT
Chairman of Young Professionals CILT Mauritius

These past 18 months have been very challenging for us all, especially, those who lost their dear and near ones, close relatives, friends or still those who have had to battle against the COVID-19 pandemic.

From the bottom of my heart, I would like to express my deepest thanks and gratitude to all my colleagues on the Managing Committee of the CILTM, and the members of the Young Professionals Committee for their hard work and continued perseverance and commitment in advancing the cause of the logistics and transport sector despite the prevailing sanitary situation.

I would also like to acknowledge the contribution and dedication of all the front-line workers who

have been helping us in innumerable ways, as well. as the researchers and healthcare professionals who have spared no effort, very often at the risk of their own health and safety, to bring a glimmer of hope in the hearts of our needy people

As any other sector of the economy, the Supply Chain and Logistics Sector was badly shattered during these two years and was undoubtedly the most impacted by the effect of the global pandemic. But the sector is known for its resilience and there are signs that the situation is gradually returning to normalcy although the recovery would be more painful and protracted.

We are hopeful that the year 2022 would be a better year for us and the economy would be back on track very soon.

I take this opportunity to wish all our readers a Happy New Year and a Happy 54th Independence Day, albeit belatedly.



2021: A Year of challenges



The year 2021 has been characterised by a series of daunting challenges for the world, and their impact on the logistics and transport sector have been devastating. Governments as much as businesses are still reeling from the effects of a pandemic that is showing no signs of flexing. The new variant commonly known as Omicron has further compounded an already difficult world economic scenario and is now increasingly seen as the predominant virus wreaking havoc on the fabric of societies. The invisible enemy is even keeping scientists, including medical professionals and research institutions on tenterhooks.

The biggest challenge now is how to stamp out the pandemic and restore the global economy to the pre-pandemic level. In this regard, a lot of expectation is pinned on the logistics and transport sector to spur global growth and development and bring a glimmer in the hearts of people across the world. The international community is obviously looking up to professional bodies to come up with ideas and suggestions to bring the economy back on track. The logistics and transport industry will surely bounce back especially, as international travels pick up and the movement of goods and services starts demonstrating more buoyancy.

At the level of CILTM, we remain convinced that the situation would return to normalcy very soon. The pandemic was however an opportunity for the CILTM to reactivate the Young Professionals initiative as well as to give an added dimension to Women in Logistics and Transport, in line with the vision of CILT International. Both YP and WiLAT are now well poised to play a more meaningful role in the corporate world of logistics and transport. They are more structured, better organised, and fully equipped with a pool of highly competent and dedicated members to respond to the challenges of the industry.

The Annual General Meeting [AGM] of CILTM that was initially scheduled for March 2012, had to be deferred until July of the same year in compliance with the sanitary protocol in force. A new Managing Committee with three new members was unanimously elected at the AGM, and it now devolves this new Committee to stir the CILTM and take it to unparalleled heights. The years ahead will be a litmus test for the CILTM to emerge and mark its footprints in the sands of time. The challenges are many, as usual, but the opportunities are also in abundance. All that we need to turn the tide is commitment and dissolve the existing systems, structures and beliefs that are holding us back. The faster we do it, the sooner we will discover that despite the uncertainties unleashed by the pandemic, the world is not as ominous as we may be tempted to believe. In this regard, as a professional body, the CILTM will have to seesaw along the way, the more so as, the pandemic will continue to transform the economic landscape across countries and reshape the competitive dynamics and industry structures. The direction is already charted.



An Interview of the Chairman of Young Professionals of CILT Mauritius, Mr. Shane Mohinish Ramburn speaks to Mr. Owen Green

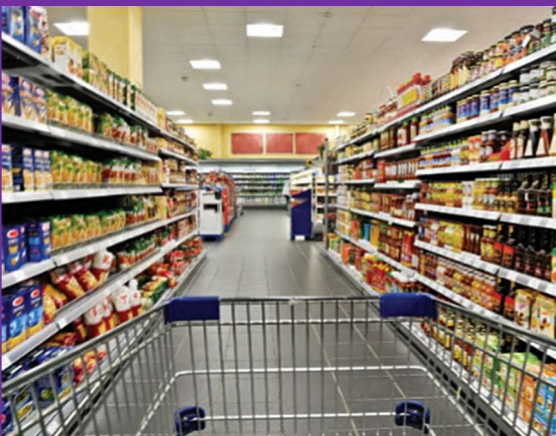
1. What is the impact of the increase of freight costs in Mauritius?

Mauritius is a small island which is highly dependent on import and is extremely exposed to exogenous economic shocks including the exchange rates explosiveness, volatility in world production, geopolitics conflicts, international market disparities and worldwide crisis. The daunting impact of the increase in freight charges is instantly seen and felt across the board from food items, non-food items, raw materials imported as well as on our exports. The recent rise in freight rates will have a deep effect on trade between countries and threaten the ongoing economic recovery strategy and effort.



Moreover, some imported products will disappear on our market. For the export sector, some SMEs will be out of market due to lack of competitiveness. Our apparel companies in Mauritius which are already in a difficult situation will face serious difficulties with the increase in the export cost structure.

2. Why there is an increase in shipping cost and what are their effects on the price of consumer goods?



As you know, the practice has always been to shift the burden of any increase in shipping cost to the consumers, "les eternels dindons de la farce", as they say in our local jargon. However, consumers are also paying for the volatility of the exchange rates. On the other hand, the cost of production in many countries has increased drastically due to the pandemic and the mismatch in supply and demand of goods has further exacerbated the problem.

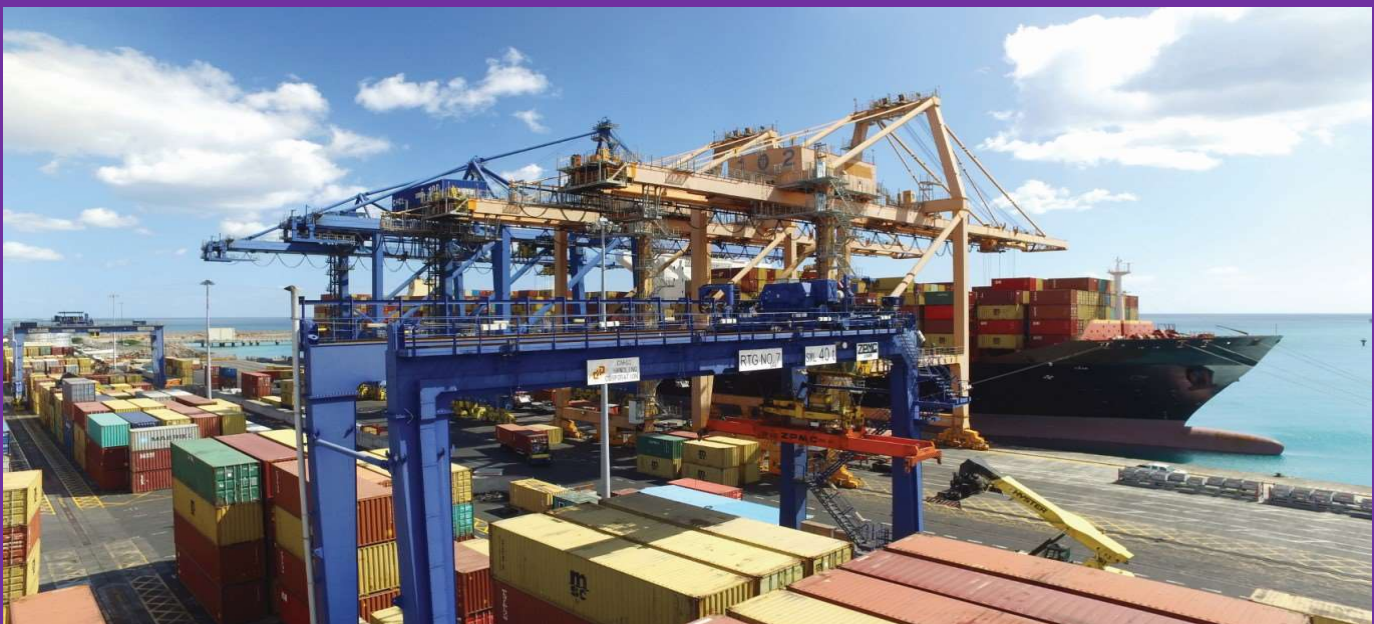
Furthermore, there is a big trade disparity that is pushing up maritime freight rates substantially. When the COVID-19 pandemic began spreading around the world, production stopped in many parts across the globe. Many countries went into lockdowns and resumed their activities at different times, which ultimately triggered an inequality between supply and demand for goods and services. Besides, shipping companies had to reduce the capacity on major routes to remain in business. Port delays and closures occurred in several parts of the world which did not help the supply chain and led to a scarcity of shipment from destination ports and empty containers for export.

Today, to retain the flourishing consumer demand, retailers are hurrying to restock their inventory, especially, for the peak holiday shopping periods. Nevertheless, with various manufacturing delays and closures of several main ports, many import companies had to place peak season orders in August, earlier than usual to avoid congestion and the risks of being 'stuck' without back-to-school and other seasonal stocks. All this led to another surge in demand with the result that shipping costs escalated on most routing, with some carriers adding early peak surcharges to the already sky-high shipping rates.

3. What, according to you, are the measures that can be put in place to avoid or minimise the risk of increase in prices?

The certainty is that the chain has broken, and the fierce urgency of the now is that it must be mended and brought back on track rapidly. How? This is the big question that needs to be addressed by the policy makers, the business community, the international financial institutions, and the population at large.

First, governments must make trade easier and less costly by implementing reforms. It is high time to modernize trade procedures and eliminate bureaucracy.



Secondly, policy makers must reflect on the need for subsidies/grants on a wider range of goods other than essential goods.

Thirdly, Mauritius will need to attract new cargo vessels and enhance its connectivity in the Indian Ocean, to several African ports, the Far East, and the Far West. However, to develop its sea connectivity, Mauritius must revamp itself and become an attractive transshipment hub. Government must transform Port Louis Harbour into a productive business centre by investing massively in heavy load equipment, trucks, and above all, in training, a capacity and capability development.

Fourthly, its high time that Mauritius invests in a regional cargo vessel of 3,000 to 5,000 TEUs and develop the transshipment hub business model. This measure will drastically reduce the lead time for containers to come to Mauritius and, at the same time, develop a rapid delivery strategy to the region.

Lastly, the international and regulatory bodies must ensure that they have the required resources and expertise to investigate and control abusive practices in the shipping industry. A proper framework should be established to control the transport sector globally.

4. What are your views on the international situation?



Internationally, there is a surge in demand for many commodities such as electronics goods, furniture, gym machines and health care equipment due to the COVID 19 pandemic. The new normal now is working from home. However, as the chain is broken, consumers are facing long lead time to receive their products leading to cancellation of orders as well as paying high prices for almost everything. In certain countries, the logistics sectors have been saturated resulting in a lack of delivery trucks and drivers to meet the surge in demand.

5. How do you see the evolution of e-commerce business in Mauritius?



There are delays in the various chain of vendors like Amazon, Shein, Aliexpress, Ebay among others despite using air freight. It's an unprecedented period as many retailers around the world are trying to restock to meet the peak shopping period which is the month of December. These e-commerce companies are already out of stock for certain items due to a slowdown of production facilities.

Secondly, the pandemic is not helping much as many companies, whether manufacturing or logistics, are either forced to close due to lockdowns or are working with a minimum workforce. The pandemic is there to stay for a long period of time. Against this

background, online shopping and order of goods will become the norm in global business for several reasons. Consumers are also scared to go out and prefer to shop online. E-commerce not only requires an effective logistics and transport system but more importantly, a reliable banking and financial system.

E-commerce has already become the order of the day and is part of our culture.

6. Conflict between Russia and Ukraine: Will Maritime Transportation and Freight be affected?



Maritime transportation is and will be affected by the conflict between Russia and Ukraine. Freight traffic in and out of the Sea of Azov is blocked as Russian armed forces move into Ukraine from the north, south and east with reports of missile attacks and explosions in the key ports of Odessa and Mariupol.

Many shipping liners stopped supplying containers and taking bookings for Russian ports due to geopolitical uncertainty. MSC, Maersk, Hapag-Llyod, which are leaders in global container shipping from eastern ports, have stopped taking bookings. Maersk has halted all port calls in Ukraine until the end of February and has shut its main office in Odessa on the Black Sea coast.



However, the Black Sea is a minor trade for container shipping. But the wider effects of the Russian invasion create a shadow over the sector. Shipping line such as Bulk Carriers are the major victims of this war as they won't be able to transport the wheat, barley and corn, sunflower oil, and LNG.

Freight rates for containerized goods, oil, grains, and coal could increase. The container shipping sector might seem far less exposed to Russia-Ukraine crisis impact than tanker and dry bulk shipping. But there is a major risk ahead, that could prolong congestion and keep freight rates historically high for longer.



The latest spike in crude oil prices and a potential rise in insurance charges will inflate global shipping costs and have an impact especially on dry-cargo despatches. International Brent crude oil prices topped \$105 per barrel, the highest since 2014, in intraday trade on Thursday.



Members' Corner

-By Office Bearers of Young Professionals CILT Mauritius

For the Newsletter, members of the Committee of Young Professionals were invited to share their experience of and the challenges facing the logistics and supply chain industry. It's no surprise that most of them did come up with very pertinent observations on the future, sustained growth, and development of the global supply chain system. Here is what they have to say.



**- Dharma's Paper:
Air Transportation in an era dominated by the COVID-19 pandemic.**

Air transportation is one of the most essential businesses on the planet. Its advancement, as well as its technological and service successes, make it one of the most significant contributors to the growth of modern civilization.

The financial impact of COVID-19 on the aviation sector has been dramatic. The International Air Transport Association (IATA) revealed that passenger demand fell by 94.3% in April 2020 compared to April 2019.



IATA previously claimed that COVID-19 would reduce airline passenger revenues by \$314 billion in 2020, a loss of 55% compared to 2019, but subsequent studies indicated that that could drop by as much as \$419 billion. Asia Pacific had experienced the greatest regional influence on net profit. Africa is also experiencing the greatest drop in passenger demand, and it is expected that this trend would continue for many more months to come.



There is no denying that the global pandemic has had an unprecedented impact on the air transportation sector. Because of the decrease in passenger flights, the air freight industry has had to adapt by carrying cargo in passenger cabins on certain occasions. Job cutbacks and/or changed work patterns, wage reductions, and hiring freezes had become the policy norms of airlines as the industry looked for ways and means to minimise expenses and enhance their bottom lines. Several airlines had already filed for bankruptcy.

When compared to the passenger market, the air freight industry had fared better. Although several

governments had not explicitly exempted cargo flights from their national aviation regulations, the sector was permitted to continue operations and was the primary source of revenue for airlines. Cargo and express airlines, like passenger airlines, had had practical challenges in operating airports owing to flight or personnel restrictions. Longer-term prospects for the sector were consequently bleak since a prolonged global recession would inevitably reduce demand for air freight.

Be that as it may, the COVID-19 pandemic is both a supply and demand shock, affecting worldwide commerce in goods and services in both directions, the more so as international supply chains were crippled by lockdowns in both major producing and trading countries, and regional coordination on the COVID-19 transport response had been limited. As we know, international supply chain operations rely significantly on-air transportation services to ease the transfer of commodities and permit human interactions between stakeholders. Since the breakout of COVID-19 in Europe in March 2020, air transportation networks had undergone significant changes.



Although the relationship between changes in air transport service levels and changes in user prices for network-wide travel is of major importance, it is almost impossible to forecast the extent to which severe network shrinkage events would result in a drop in network connectivity.

COVID-19 has evolved into a full-fledged pandemic, posing a global threat to our health and global economies. The long-term impacts of COVID-19 are still unknown. However, the impact in 2020 alone was impressive. Among all businesses, the aviation industry is likely to be the worst damaged. Both travellers and industry stakeholders are ready to get back on the road. Many industry professionals anticipate an increase in travel in the second half of 2021. Some are even referring to this projected rise in travel as a "post-war" surge. However, much uncertainty still surrounds the aviation industry's recovery, and forecasting the route to recovery at this stage is a risky endeavour.



Certain solutions exist to counteract the high entropic situation caused by COVID-19 to the air transportation industry. For example, introducing a programme which allows travellers to purchase a travel certificate which is growing in value over time and propose a new type of service such as a seat blocking system which allows travellers to purchase their Air tickets by seats or rows next to them to have no one sitting next to them for both sanitary and comfort reasons.

In that context, airlines may cover the running cost to fly an airplane to its destinations. Certain companies also offer a managed interlining for self-connecting travellers more easily and cost-effectively. Platforms are made available to airlines which help them to cross-sell seats via their own channels to consumers and agents. Network-carriers and low-cost carriers can interline with each other and cross-sell seats and ancillaries on each other's flights. Also, a digital platform can be made available to travellers to enable them to monitor their baggage through their destination.



- Owen's Paper:

Social Media Marketing in Transportation and Logistics

Social media has created a tremendous opportunity for transportation and logistics firms to promote their achievements, showcase their offers, convert leads, increase their brand's visibility, and build and engage with the community. Despite the need to innovate and develop methods to stay connected with clients, the transportation and logistics industry is lagging other industries in terms of using social media for marketing.



A study conducted in The Netherlands in 2020 demonstrated that LinkedIn, a professionally driven platform, had the most impact in connecting to business partners, attracting new clients, and recruiting new team members. However, the key to success with the different social media platforms is to develop material that inspires and connects the audience organisation on a regular basis.



One of the most effective methods to engage with customers is through the video. Video is a wonderful tool for informing prospective consumers about a company's services and corporate strategy, as well as for keeping current customers interested. It's also an excellent technique to gain the trust of potential carriers and partners and explain a company's ideas.



Transportation and Logistics companies should consider investing in hiring a social media expert to implement the social media strategy. They will have the responsibility of branding the company on social media networks, providing insightful contents, and engaging thoroughly and appropriately. This will help gain the benefits of greater loyalty and brand awareness while also having a positive impact on the community.