

COVID-19 Sector Implications

Transport & Logistics



Please note that this sector summary should be read in conjunction with the [Overview](#), and that the information below considers the impact to date of COVID-19, then looks to the future under two different recovery scenarios. Additional information about the scenarios can also be found in the [Overview document](#).

- **The first scenario assumes recovery by the end of 2020**
- **The second scenario assumes a longer-term recovery**

Impact to date

Domestic transport and logistic services are in heavy demand replenishing stores with food and other consumer goods which have come into demand following preparations for the potential domestic impact of the coronavirus. These goods include computer equipment, whiteware, medical supplies and other essential consumer products.

Despite reports of vessels being blanked during the Chinese shutdown, freight is still reaching New Zealand ports and our primary produce is being loaded for export markets. Coastal shipping is still operating as normal. China is coming back on line with all ports operating and controls over people movements being reduced. Food is being provided priority clearance in China, however, there is uncertainty with respect to markets where COVID-19 is starting to take hold and borders are being closed.

International passenger planes are being grounded which is reducing international air freight capacity.

Recovery by end of 2020 Impact

There is concern that as markets reopen, shipments will be prioritised to larger nations, reducing the number of vessels arriving at our shores with consumer goods and impacting our ability to export our agricultural produce.

While transport is an essential service, an economic downturn as a result of a COVID-19 shutdown will ultimately impact domestic freight and logistic companies, as activity in this sector is heavily dependent on the performance of most other sectors in the economy.

Additionally, the transport sector in New Zealand is heavily fragmented with a large number of small players that will struggle to survive a long-term economic downturn. This may result in a consolidation of the freight industry with larger companies with greater financial resources being able to weather the storm.

It is expected that a number of private airlines will fail, and international air freight capacity will reduce. Decreased economic activity will reduce the need for the number of vessels which are currently in use.

Longer term recovery impacts

The longer-term recovery will depend significantly on the how long borders remain closed and the lockdown of people will last, and the impact this will have on international economies. A new price equilibrium will be set, balancing a new international freight capacity with decreased economic activity. Those companies with access to significant financial resources or government support are likely to be able to consolidate their position in the market.

We have additional information, insights and practical advice on the business implications of COVID-19 available for you here:

- [Business implications](#)
- [Cyber safety](#)
- [IT resilience](#)
- [Financial reporting](#)
- [Business Continuity and Crisis Management](#)

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