



Due to govt incompetencies, pandemic impact would be severe - Malik Naeem Azam

Interview of Managing Director, Deugro Projects & Logistics Pakistan (Pvt) Ltd.

Supply chain disruptions and the lockdowns are already affecting logistics companies.

The impact is severe for small players: Small trucking businesses are being severely hit because they tend not to have any backup, recovery plan, or intermittent operation plan, lack of technology, as well as tools to follow health guidelines (for example, disinfecting, deliveries), further complicate their response. Top players are experiencing a strong impact", says the Managing Director, Deugro Projects & Logistics Pakistan (Pvt) Limited in an exclusive interview to Energy Update recently.

He continues to say that.....

■ **By Mustafa Tahir**

EU: Details of your career, education and experience?

Malik Naeem Azam: I am a logistics and shipping professional with 25 years of experience for coordinating and executing strongly with a competitive markets' service record, I am serving Deugro Projects & Logistics Pakistan (Pvt) Limited as Managing Director Pakistan & Afghanistan.

EU: What is the nature and scope of your business?

MNA: There is no universally agreed definition for logistics services, and the role may be interpreted in very different ways across the region.

Summarizes the results of the desk research on logistics definitions, based on various national and international publications, including various national laws and regulations and reports by the United Nations Conference on Trade and Development (UNCTAD), the United Nations Economic Commission for Europe (UNECE), the European Commission, the International Federation of Freight Forwarders Associations (FIATA), the World Bank, the Organisation for Economic Co-operation and Development (OECD).

EU: What could be the adverse effects of the anti-coronavirus lockdown inside and outside Pakistan on the business of your company?

MNA: The Impact of COVID-19 on Logistics' firms which are involved in the movement, storage, and flow of goods, have been directly affected by the COVID-19 pandemic. There is no good sentiment in the air on the trading floor of Pakistan Stock Exchange. Insufficient cash flow as a result of slowing demand up and down the country with 12.50% central bank's policy rate will make it hard for the businesses to 'breath' normally having Chinese Virus around. Almost 60pc of all that Pakistan exports is textile. The problem this sector is currently facing is that the majority of the raw material –dyes & chemicals–

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that is required to produce textile is imported from China. The textile industry has already been suffering from the liquidity shortages as the highly incompetent Imran Khan government after ending zero-rated status of the important export-based industries, failed to refund the sales tax proceeds and customs duty rebates of these firms. The last quarter of the ongoing fiscal year and the first two quarters of the upcoming fiscal year FY21 would bring unprecedented levels of cash-shortage problems as the investors have started investing in safe-haven stocks, gold and dollars. Cash is everything as we move through one of the worst recessionary intervals.

The situation would get much more difficult for Pakistani exporters. Shortage of truck drivers and crane operators will reduce the operations at the ports. One of the major 'deficit-powerhouses' of Pakistan is its national flag-carrier Pakistan International Airlines (PIA) that has been running a net operating loss for quite some decades now will end up furloughing the workers if the situation persists for the next two to three months. The airline will keep running a loss of about \$63 million a month if its operation would remain suspended for next 25-35 days.

EU: What are the overall effects of the lockdown on the logistics sector the world over:

A: Logistics firms, which are involved



in the movement, storage, and flow of goods, have been directly affected by the COVID-19 pandemic. As an integral part of value chains, both within and across international borders, logistics firms facilitate trade and commerce and help businesses get their products to customers. Supply chain disruptions to the sector caused by the pandemic could, therefore, impact competitiveness, economic growth, and job creation. Supply chain disruptions and the lockdowns are already affecting logistics companies.

The impact is severe for small players:

Small trucking businesses are being severely hit because they tend not to have any backup, recovery plan, or intermittent operation plan, Lack of technology, as well as tools to follow health guidelines (for example, disinfecting, deliveries), further complicate their response. Top players are experiencing a strong impact: In April, both DHL and CEVA Logistics declared Force Majeure—a clause that allows contracts to be declared null and void due to acts of God or other unexpected circumstances—on all their contracts due to COVID-19. ■



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