

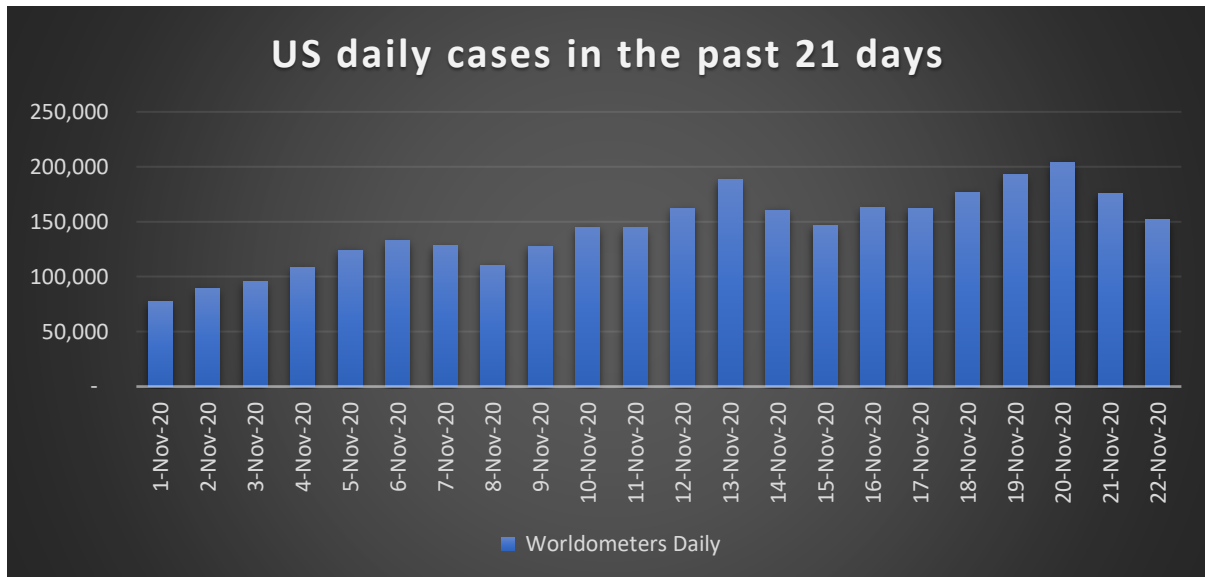
## PCS Information Bulletin #44: COVID-19 Review

*Wednesday, November 25, 2020*

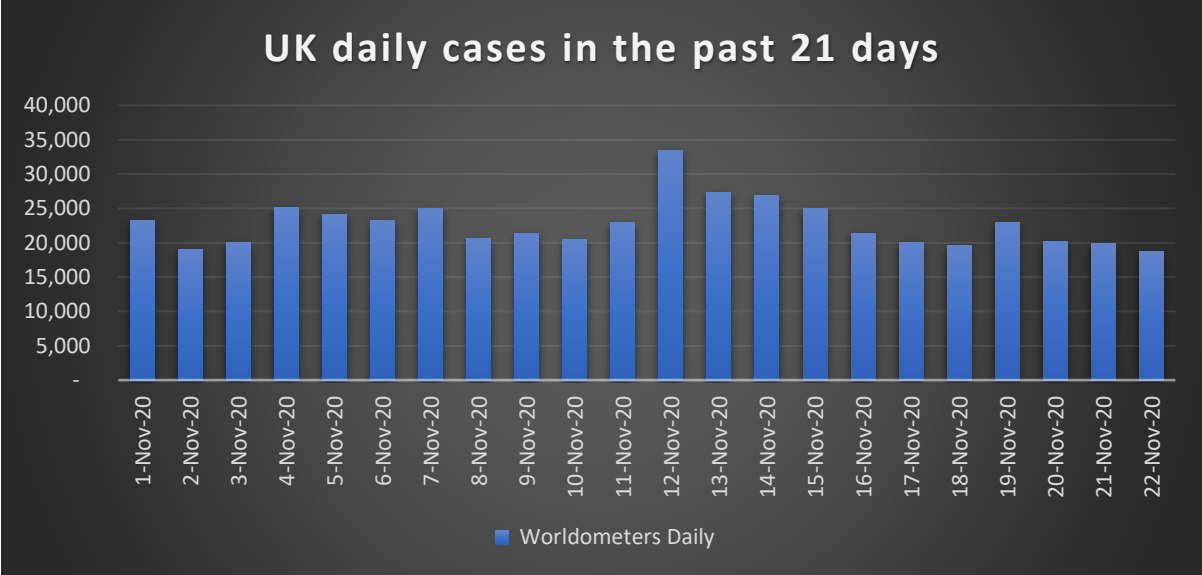
As always, please remember that **this report is for informational purposes only** and does not constitute the designation of a PCS event. We have decided to provide this report simply to help the market understand the COVID-19 situation and to provide access to some of the resources our team uses daily for intelligence on this event.

### COVID-19 second wave cases

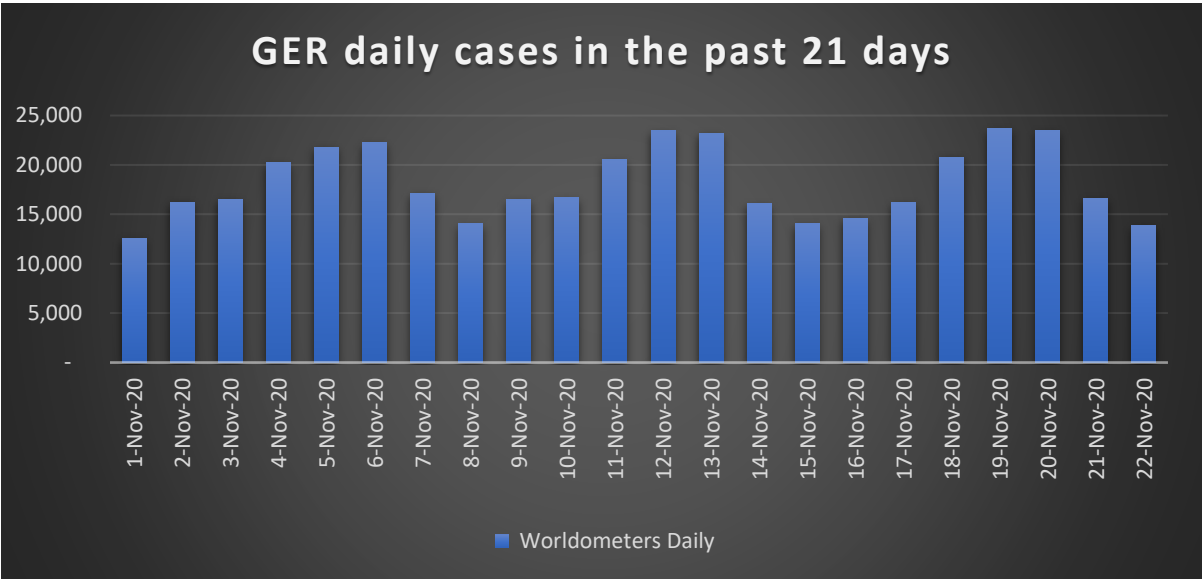
As we have pointed out in our previous informational bulletin, cases across Europe have presented a stabilizing trend. Although number of daily cases remains high, the positive outcome is that they are not increasing, despite the crisis hitting nearly every part of Europe. While some countries are showing progress, many — including Italy, Poland, Portugal, Switzerland and Austria — are recording new cases and COVID-19 deaths faster than the United States, relative to their populations. Many others, including France, Britain, Spain, Romania and Belgium, have lower case rates but higher fatality rates.



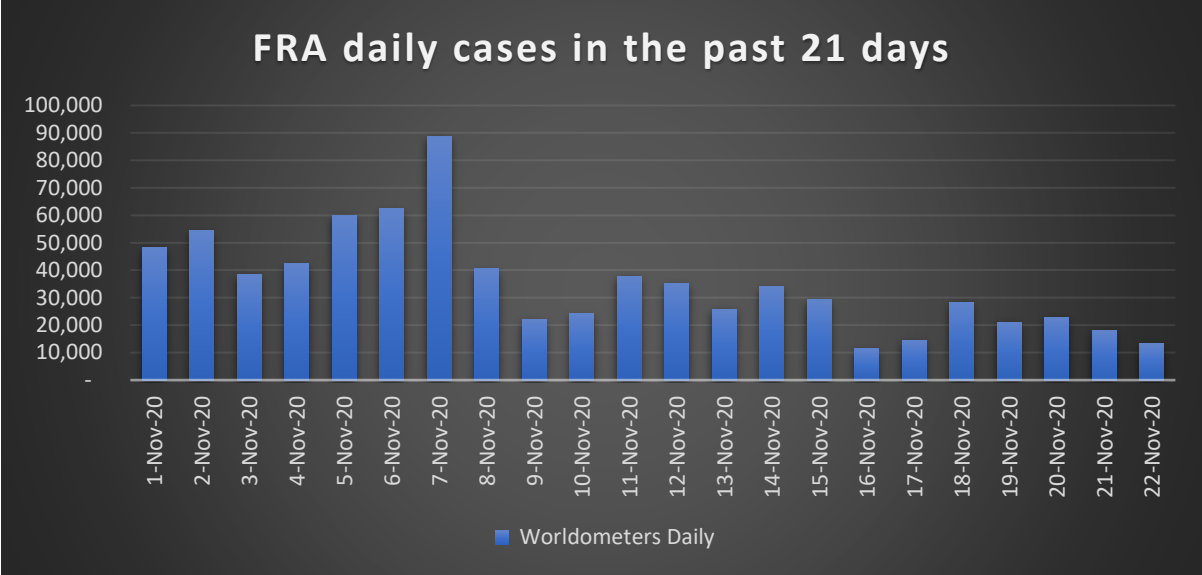
United States continues breaking record after record — over 198,000 new cases in a single day on Friday November 20, 2020, more than 82,000 people hospitalized — some states and cities are hoping nightly curfews will help stop the coronavirus. California is the latest to issue an overnight curfew and in New York, Gov. Andrew M. Cuomo, ordered that bars and restaurants in the state close at 10 p.m. Some local governments have also imposed curfews, such as in Pueblo, Colo., and Miami-Dade County, Fla. Chicago also ordered that restaurants and bars close at 10 p.m. None of the states where the virus is spreading at the fastest rates — South Dakota, North Dakota, Wyoming, Iowa and Nebraska — have issued curfews so far, but have begun to require face masks indoors for the first time.



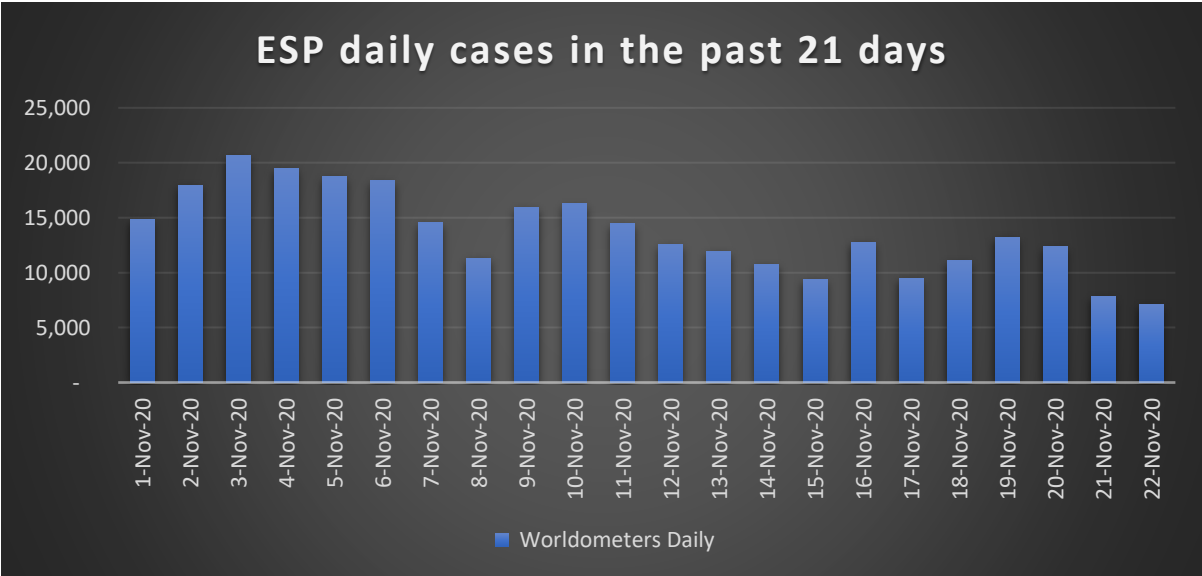
There have been at least 1,500,000 confirmed cases of coronavirus in the United Kingdom, according to Public Health England and the daily cases have seem to have stabilized a bit. The lockdown measures are set to expire on Dec. 2 and will be replaced with a tiered regional system, in which each tier carries a different set of restrictions. Prime Minister Boris Johnson is set to announce details of a “COVID winter plan” on Monday, November 30, 2020 which would include more relaxed rules over UK festive period.



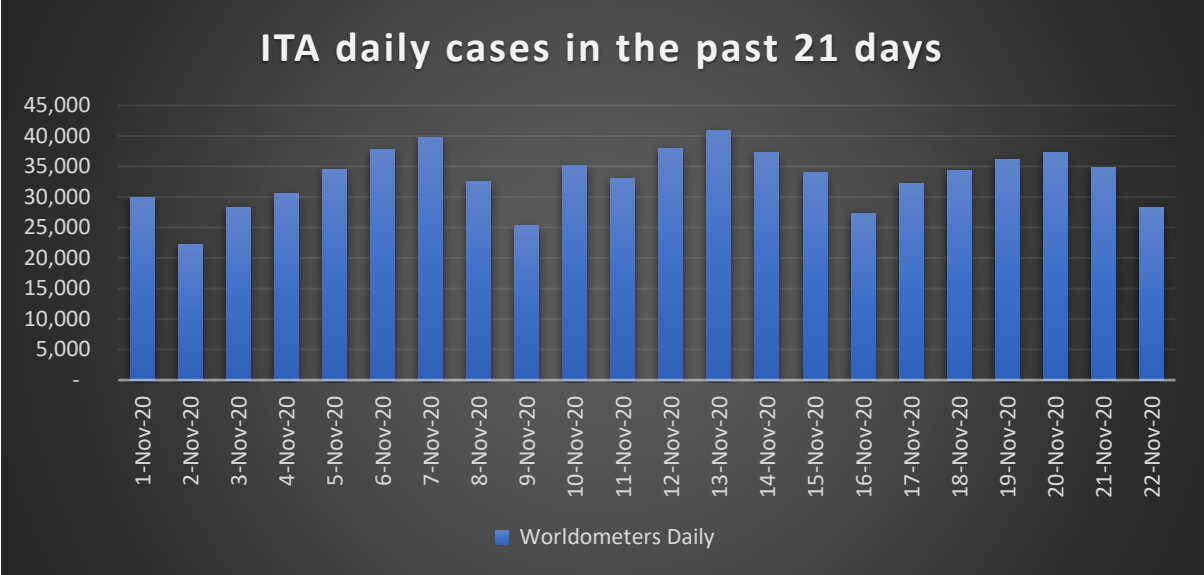
The virus cases in Germany have sort of reached a plateau over the past two weeks but they haven't exactly shown much signs of abating just yet with reports confirming over 13,000 new coronavirus cases daily. The restrictions imposed this November are set for an extension for at least three weeks, until December 20. Merkel admitted that case numbers in Germany "were stabilizing, but too slowly" and has urged stricter rules on households' meetings, but in the same time announced a mini-amnesty over the Christmas period, from December 23 to January 1 to help during the festive period.



Daily COVID-19 cases in France is at near two-month low. France reported less than 5,000 new COVID-19 infections on Monday, the lowest daily tally since 28 September, suggesting a second national lockdown is having an impact and president Macron was set to ease coronavirus restrictions in the run-up to Christmas. Despite the expected liftings, a lot will remain in place for at least the first half of December.



Spain case numbers have decreased, and the country logged over 10,000 news cases at the beginning of this week, bringing its total number to almost 1,600,000. To date, the virus has claimed 43,000 lives across the country. According to documents from the health ministry the government would recommend that office gatherings and similar celebrations in the run-up to the holidays be held on restaurant terraces or outside. They would be limited to six people. Families of more than six people living together would still be able to party without the six-person cap, which applies to celebrations with any invited guests on Christmas Eve, Christmas, New Year’s Eve and on New Year’s Day.



With almost 30,000 new cases, Italy’s total of confirmed infections during the pandemic rose to nearly 1,400,000, according to Health Ministry figures. There were a further 853 coronavirus-related deaths in Italy on Tuesday – the highest daily toll since the end of March - and over 23,000 new infections. Prime Minister Conte has warned Italians not to ski during the Christmas holidays to help curb a second wave. He also called on other European countries to agree on common rules for the sector to prevent cases being imported from abroad as he said this year it would not be possible “to allow holidays on the snow. We cannot afford it”.

**Latin America, Nat Cats and COVID-19**

In previous editions of our weekly bulletins we have addressed effects COVID-19 has had in the U.S, Canada, Mexico, Japan and Turkey after significant cat events. PCS has designated natural catastrophe events on our indices for each of these areas in 2020. Another region where we operate is for the countries south of Mexico within our PCS Latin America index.

Latin America has received multiple landfalls of hurricanes this year however none have reached the \$500mn designation threshold for our PCS Latin America index at this point. Aside from the insured losses from these events, the human toll with respect to COVID-19 while dire in the U.S. through a record year of catastrophe activity as we’ve reported on previously, in the areas of Latin America most recently affected by Hurricanes Eta and Iota the situation is significantly worse. Hundreds of thousands of people across Central America have fled their homes after Hurricanes Iota and Eta wreaked havoc from Tabasco in southern Mexico to Panama this month. The International Red Cross estimates that about 4.2 million people were affected by the back-to-back storms in November in Honduras, Nicaragua and Guatemala. Several hundred thousand are in shelters or informal camps across the region.

COVID-19 cases surged in the aftermath of the two hurricanes. Official data from the Ministry of Health in Honduras revealed 2,100 new cases from November 6 to 13. The surge in COVID-10 cases can be attributed to a lack of available personal protective equipment (PPE) as well as the limited space for isolation of family units or individuals in shelters that currently house over 56,000 people. In Tegucigalpa, COVID-19 tests at shelters reported having a 33% positive testing rate.

Tens of thousands of Hondurans have crammed into other overcrowded storm shelters. Reports indicate reduced use of masks and inability of people to adequately social distance from one another. Cortes, the region where most shelters are located, is Honduras' hardest hit by the coronavirus. It has registered 27.7 percent of infections and 29.9 percent of COVID-19 deaths in the country.

Iota brought torrents of rain on areas already flooded or highly saturated due to rainfall from Hurricane Eta less than two weeks prior. Iota disrupted repairs to local infrastructure. In Puerto Cabezas, Nicaragua, a makeshift hospital had its roof blown off as Iota made landfall and many temporary shelters were destroyed due to the heavy winds. In Honduras, the airport in Tegucigalpa closed hampering efforts to bring humanitarian supplies into the country, which continues to have limited overland travel due to damage to roads and bridges from flooding and landslides.

In the city of Bilwi, Nicaragua, 80% of the city's infrastructure has been damaged. Based on the initial information from the government, 48,000 people were in 561 shelters nationwide. In Guatemala City, Guatemala anger boiled up into the streets as protesters set fire to the Congress building, forcing legislators to reverse budget cuts to the country's already crippled health care and education systems.

Exacerbated by the coronavirus pandemic, the fallout from these disasters will continue to spread with greater than anticipated spread of COVID-19 infections as well as the propensity for SRCC activity to occur. And it may eventually even reach distant countries, as Central Americans left without basic necessities and medical care are left vulnerable by the storms flee abroad.

#### **How did COVID-19 transform the maritime trade so far?**

PCS has talked a lot about the impact of COVID-19 on the marine industry and the challenges it has been facing. The United Nations Conference on Trade and Development (UNCTAD) has just released its detailed analysis of the market and highlighted several key points that we have been pointing out throughout our informational bulletins.

Compared to previous years, global maritime trade will plunge by 4.1% in 2020 and based on the waves of the pandemic, the impact of the supply chains and economies might cause an even steeper decline. Cargo volumes and growth perspectives are at the forefront of the shockwaves and predicting the pandemic's longer-term impact is filled with uncertainty. The report expects maritime trade growth to return to a positive territory and expand by 4.8% in 2021, assuming world economic output recovers.

Due to the challenges with the pandemic, the container shipping industry adopted more discipline, cutting capacity and reducing costs to maintain profitability instead of market share. From the perspective of shippers, these strategies meant severe space limitations to transport goods and delays in delivery dates. To cope with the disruptions, the industry adjusted their operations, finances, sanitary and safety protocols as well as working practices and procedures, while governments passed reforms to keep trade flowing while keeping people safe.

A positive aspect of the overall situation is that it strengthened the case for digitalization and eliminating paperwork in the shipping industry, reinforcing the need for standards and interoperability in electronic documentation. It also increased awareness that the digitalization comes with increased cyber security risks which could potentially cripple supply chains and several partnerships have been formed to address these growing risks.

One interesting point that this pandemic has highlighted is the global interdependency of nations with globalization and the added weight from outsourcing from distant locations. It has determined companies to take a closer look at the topic of supply chain shortening or diversifying production and manufacturing sites and suppliers. All of these in the context of more global maritime trade tensions between various countries and uncertainties around Brexit, or trade disputes and general moves towards protectionism.

For more details and analysis, please see the full report from UNCTAD: [Review of Maritime Transport 2020](#).