

# Effect of COVID-19 on the Freight Forwarding Industry in Egypt: An Empirical Study on Agility Egypt

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## **EXECUTIVE SUMMARY**

*The freight forwarding industry is an important player in the maritime transport industry that facilitates shipping processes by providing various value-added services such as securing bookings, transporting cargo, and preparing shipping documents. However, due to COVID-19 outbreak, the freight forwarding industry faced many challenges like port congestion, container shortages, and blank sailings. Therefore, this study examines COVID-19 effect on the freight forwarding industry and the challenges that the freight forwarders faced especially in Egypt, which is a logistics hub due to its strategic location. The case provides researchers and practitioners with an overview of the challenges that affected both maritime transport and freight forwarding industries in Egypt and investigates the challenges that Agility Egypt encountered due to COVID-19 restrictive safety measures. Also, it presents the solutions undertaken to deal with those challenges. Data were collected through interviews with various operation managers, executives, and specialists in Agility Egypt for shipping and freight.*

## **INTRODUCTION**

According to the United Nations Conference on Trade and Development (UNCTAD), the maritime transport industry is considered the heart of global trade (UNCTAD, 2017) since it handles about 90% of total international trade volume (Phuong Vu et al., 2020) transported at competitive prices (UNCTAD, 2017). It plays a significant role in delivering all resources efficiently and effectively especially critical ones such as medical and food supplies to cover rising global market demands through the support of the freight forwarding industry (Asariotis et al., 2020). Maritime industry parties need the assistance of the freight forwarding industry to arrange shipments and transport huge freight volumes globally (Caliskan & Ozturkoglu, 2016). The freight forwarding industry is an important player in the maritime transport industry in terms of shipping cargo despite any obstacles (Stojanović & Velickovic, 2019).

According to Shang & Lu (2012) in Christopher & Fredrick (2019), the freight forwarding industry is a customer-intensive service sector that connects buyers and sellers as well as creates economic value through the effective delivery of goods. It assists in delivering safe, cost-effective, and environmentally friendly activities, as stated by the International Federation of Freight Forwarders Association (FIATA) through flexible coordination of value-added logistics services (Stojanović & Velickovic, 2019). Freight forwarders provide resources, technologies, and entrance to global markets, which significantly affect countries' economic activity (Kherbash & Mocan, 2015). They provide high-quality services and flexible, customised solutions to meet customers' demands to be able to survive fierce market competition (Caliskan & Ozturkoglu, 2016).

As acknowledged by the FIATA, forwarders act on behalf of their customers to provide main logistics activities such as handling, distribution, consolidation, de-consolidation, and customs clearance (FIATA, 2021). Also, they assist in securing vessel bookings, issuing bills of lading, freight invoices, arrival and delay notices of shipments, and other shipping documents as well as supporting logistics activities such as inventory management, packaging, packing, and warehousing (Caliskan & Ozturkoglu, 2016). Other activities added by Subhashini & Preetha (2018) are labelling goods and updating customers with shipping regulations.

As providers of logistics services, freight forwarders support trade processes in many countries such as Egypt, which is developing into one of the key trade nations as the government aims to transform it into a production and distribution hub for the Middle East and Africa as well as Europe. Egypt is a major freight hub and is responsible for arranging international shipping services where the Egyptian freight forwarders are concerned with coordinating shipping procedures, issuing shipping documents, packing and freight delivery reliably and safely (Samir, 2022). Freight forwarders in Egypt organize and handle all shipping procedures for their customers since shipping process requires multiple documents and approvals which are difficult for the involved parties to complete without the assistance of a freight forwarder because of lacking the necessary expertise and knowledge to finalise the documents and to arrange the shipping process (Moneim, 2021). Egypt's strategic location between global trade routes makes it a global logistics center and a gateway to the African continent (Samir, 2022). Egypt's unique geographical location at the crossroads of global trade between Europe, the Middle East, Africa, and Asia allows it to strategically link international trade flow through Mediterranean and Red Sea ports (Elzarka, 2019). Especially since the Suez Canal connects the Mediterranean and the Red Sea in north-eastern Egypt, allowing ships to transit between Europe and Asia (Moneim, 2021).

However, the coronavirus (COVID-19) pandemic in first quarter of 2020 disrupted the economic growth across the country, especially in Egypt's freight forwarding industry as well as the global supply

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