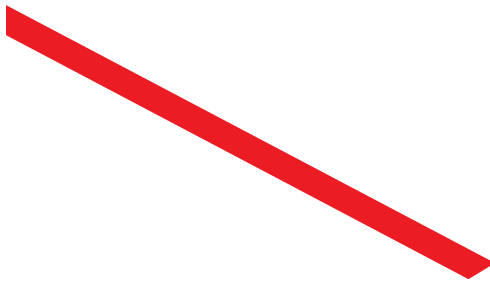




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Carlos Jorge Baltar Guimarães

10/2021



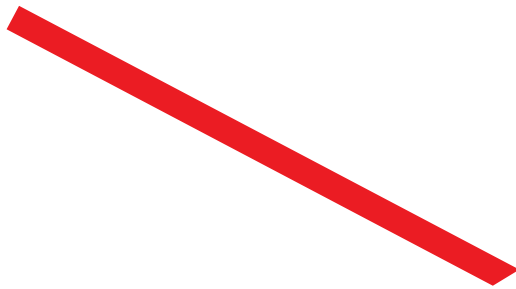


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Carlos Jorge Baltar Guimarães

Internship Report

Presented to Instituto Superior de Contabilidade e Administração do Porto for the grade of Master's degree in Intercultural Studies for Business, with the guidance of Prof. Doctor Isabel Araújo.



“Versão Final”

Não tenhamos pressa, mas não percamos tempo.

- José Saramago.

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Abstract:

This report covers the curricular internship from Porto Accounting and Business School's Master's degree in Intercultural Studies for Business. The internship was completed at Intersped – trânsitos e navegação, lda., a freight forwarding company.

The trade of goods and services among different civilizations is a centuries-old activity that dates back to the dawn of time. International trade, on the other hand, refers to an exchange between citizens of different countries. Its explanation and study only arose with the establishment of the modern nation-state at the end of the European Middle Ages.

One of the most significant achievements of the last century was the integration of national economies into a global economic system. This process of integration, known as Globalization, has resulted in a significant increase in cross-national trade. The globalization process has resulted in a rise in international trade over time. As a result, both consumers and businesses now have access to a greater selection of products and services.

The objective of this report is to present and analyze the internship at Intersped, a company that leads with trade both national and international daily. It is also proposed to portray in full detail the tasks and functions carried out throughout the internship. Furthermore, a study, based on quantitative research, was conducted analyzing the main incident of the last two years – COVID-19, in order to perceive what was its impact on international trade, at a macroeconomic level and then at a microeconomic level.

Keywords: Exports, Imports, International trade, COVID-19.

Resumo:

O presente relatório cobre o estágio curricular do Mestrado em Estudos Interculturais para Negócios do Instituto Superior de Contabilidade e Administração do Porto. O estágio foi realizado na Intersped - trânsitos e navegação, lda., uma empresa de transitários.

O comércio de bens e serviços entre diferentes civilizações é uma atividade com séculos de existência que remonta ao início dos tempos. O comércio internacional, por outro lado, refere-se a um intercâmbio entre cidadãos de diferentes países. Explica-se e estuda-se apenas com o estabelecimento do moderno Estado-nação no final da Idade Média europeia.

Uma das realizações mais significativas do século passado foi a integração das economias nacionais num sistema económico global. Este processo de integração, conhecido como Globalização, resultou num aumento significativo do comércio transnacional. O processo de globalização resultou num aumento do comércio internacional ao longo do tempo. Como resultado, tanto os consumidores como as empresas têm agora acesso a uma maior seleção de produtos e serviços.

O objetivo deste relatório é apresentar e analisar o meu estágio na Intersped, empresa que lidera o comércio diário nacional e internacional. Propõe-se também retratar de forma detalhada as tarefas e funções desempenhadas ao longo do estágio. Ainda, foi realizado um estudo, com base em pesquisa quantitativa, analisando o principal incidente dos últimos dois anos - COVID-19, a fim de perceber qual foi seu impacto no comércio internacional, a nível macroeconómico e depois a nível microeconómico.

Palavras chave: Exportações, Importações, Comércio internacional, COVID-19.

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List of Abbreviations

APAT – Freight Forwarders Association of Portugal

CO – Certificate of Origin

DOT – Degree of Openness to Trade

EXW – Ex Works

FOB – Free on Board

GDP – Gross Domestic Product

IATA – International Air Transport Association

ICC – International Chamber of Commerce

Intersped – Intersped, trânsitos e navegação, lda.

LDM – Loading Meter

NPIs – Non-pharmaceutical interventions

UNCTAD – United Nations Conference on Trade and Development

U.S.A – United States of America

WHO – World Health Organization

PART I - INTRODUCTION

The following report comprises the internship report that occurred in the Master of Intercultural Studies for Business. The internship took place in Intersped – tráfegos e navegação, lda. (Intersped) and began on the 1st of February and lasted until the 28th of May with a 35h/week work journey.

The initial plan was that the internship would cover all areas of the company so I could have an enriching experience and understand better how the trade world works. In that sense, I would have started in the three main departments – maritime department, land transportation department, and air department - and at the end moving into the sales department. However, due to the COVID-19 situation the plan had to change, and the internship had to turn into home office and the tasks changed as well.

When deciding between an internship report, thesis, or project, the internship was found to be the most helpful alternative because it provides a fantastic opportunity to build skills and put in practice what has been acquired over the years; both on the master's degree and in previous education.

As for Intersped, the choice was based on the fact that during the internship, I would be able to develop my skill in the trade realm, especially international trade. In that way, I would be able to connect to different cultures when dealing with the transactions. Also, by doing it during a pandemic, it would be interesting to observe the impact that had in this particular sphere.

In the early twenty-first century, nations are more tightly linked than ever before through trade in goods and services, money transfers, and investment in each other's economy. And the global economy that these linkages have produced is a volatile place: policymakers and corporate leaders in every country must now pay attention to what are sometimes rapidly changing economic fortunes halfway around the world (Krugman, Obstfeld & Melitz, 2012, p.1).

With this in mind, and as Intersped works with trade daily, this report will focus mostly on international trade, mainly the transaction made within that realm, and the impact that COVID-19 had on it. The main aim of this project relies on comprehending better how this world of trade functions and how the impact of COVID-19 affected international trade globally, in Portugal, and in smaller firms such as Intersped. Simultaneously, the report will summarize the curricular internship

experience and provide a constant critical assessment of the suggested and completed tasks.

Thereafter, the report is organized as follows.

The second part presents a brief theoretical framework. It provides some theoretical contributions and discusses the principal components behind international trade, since the internship was carried out in a company related to. The first part presents the international trade components – exports and imports. The second part explores the phenomenon of Globalization, its two waves and its impact on culture. The third part presents and discusses the main trade theories – Mercantilism, Adam Smith's Absolute Advantage, David Ricardo's Comparative Advantage, the Heckscher-Ohlin Model, and the Gravitational Model.

Part three focuses on the institution where the internship was carried out – Intersped. It will involve a brief overview, their history, aims and services. Then a brief description of what networks are is made since they are an important part of Intersped. Lastly, the main events that Intersped participated are presented.

Part four seeks to explain the internship carried out in Intersped, mainly the tasks performed during it. In this part the three main tasks accomplished during the internship are described, analyzed and discussed.

Part five seeks to provide an explanation on how the COVID-19 pandemic influenced international trade in the world, in Portugal, and in the company where the internship was carried out. It presents a theoretical review on the impact of COVID-19 on trade. Then a macroeconomic analysis is made using data from 2019 and 2020 retrieved from the Instituto Nacional de Estatística, Statistics Portugal (INE), to analyse the impact of COVID-19 in Portugal on both exports and imports. After, using data provided by the company, a microeconomic analysis is made comparing the same years, both in exports and imports, and per transportation mode. And lastly, the future of international trade after the impact of a global pandemic is discussed.

The sixth part concludes the report's findings and discusses possible future research.

In terms of the academic world, this report aims to raise awareness about the importance behind international trade and how in the world we live today, it must be ready to respond to adversities that may arise as the case of COVID-19.

PART II – THEORETICAL FRAMEWORK

This first part seeks to provide some theoretical contributions and discusses the principal components behind international trade. Since the Internship was carried out in a company related to international trade, it would be interesting to first analyse the literature on this topic. This part is divided in three parts. The first part presents the international trade components - exports and imports. Before looking at international trade as a whole, it is needed to understand its two basic components. Then, the second part explores the phenomenon of Globalization, and in particular, its two waves. A phenomenon that dates back to the Romans and even the Age of Discoveries, and it impacts international trade daily. Lastly, to conclude the theoretical framework, the main trade theories are presented and discussed. The theories presented are Mercantilism; Adam Smith's Absolute Advantage; David Ricardo's Comparative Advantage; the Heckscher-Ohlin Model; and the Gravitational Model.

2.1 International Trade: Components

2.1.1 Exports

Segal (2021a) defined exports as "the goods and services produced in a country and sold to buyers in another". Moreover, this author argued that exports are important for modern economies since they offer people and firms new markets for their goods. According to Statista¹, in 2019, the top three export countries worldwide were China (2.499.03 billion U.S dollars), United States of America (U.S.A) (1.645.63 billion U.S dollars) and Germany (1.489.16 billion U.S dollars).

Companies export both goods and services for a variety of reasons. First, exports can increase sales and profits by expanding or creating new markets. In fact, firms can capture significant global market share when exporting to foreign markets. As a result, firms obtain greater exploitation of economies of scale from the access to wider markets, as well as an improvement in efficiency, due to the increase in competition. Furthermore, as argued by Segal (2021a), firms may gain

¹ Information retrieved from: <https://www.statista.com/statistics/264623/leading-export-countries-worldwide/>
Accessed on 22/02/2021.

new knowledge and experience that can allow them to discover new marketing practices, technologies and insights into foreign competitors.

2.1.2 Imports

An import, according to Segal (2021b), is “a good or service purchase in a country that was produced in another”. Countries are more likely to import goods or services when their domestic producers are not able to satisfy all domestic demand at the market price. Consequently, consumers depend on foreign producers for some of their consumption. On the other hand, domestic production is replaced by cheaper products imported from a commercial partner who is more efficient on the production of these goods. Countries may also import raw materials or goods which, within their borders, are not available. For instance, many countries import oil because they cannot produce it domestically or cannot produce enough to satisfy demand (Segal, 2021b). According to Statista², in 2019, the top three import countries worldwide were the U.S.A (2.567.45 billion U.S dollars), China (2.078.39 billion U.S dollars), and Germany (1.234.45 billion U.S dollars). The same countries as with exports, but with the U.S.A in first, showing that regarding exports and imports, these three are the top three countries in the world.

2.1.3 Net Exports

When discussing either exports and imports, we can distinguish their impact and importance at the domestic and international level. Regarding the domestic level, its importance is regarding the effect on Gross Domestic Product (GDP). According to Kramer (2020), GDP is a vast measurement of a country’s economic activity where both imports and exports are key components when calculating the GDP. Economists study the composition of GDP among various types of spending and use the following equation³:

$$GDP = C + I + G + (X - M) \quad (1)$$

² Information retrieved from: <https://www.statista.com/statistics/268184/leading-import-countries-worldwide/>
Accessed on 22/02/2021.

³ This equation is an identity—an equation that must be true because of how the variables in the equation are defined.

Where:

C: consumer spending on goods and services.

I: Investment spending on business capital goods.

G: Government spending on public goods and services.

X: Exports

M: Imports

In this equation, exports minus imports ($X - M$) represent net exports. Net exports equal the foreign purchases of domestically produced goods minus the domestic purchases of foreign goods (Mankiw, 2018). When a Nation exports more than it imports, net exports are positive, meaning the country has a trade surplus. When a nation imports more than it exports, net exports are negative, meaning the country has a trade deficit (Kramer, 2020). For countries, trade surplus contributes to economic growth. In fact, as exports are greater than imports, there is a high level of production from the factories and manufacturing facilities of a country, as well as a higher number of people working to keep these factories going. When a firm exports a high volume of goods, it also equates to the influx of funds into the country, which increases consumer expenditure and leads to economic development (Kramer, 2020).

Furthermore, the Coverage rate shows the relationship between total exports (X) and total imports (M), indicating which part of the value of imports is paid by the value of exports.

$$C = \frac{\text{value of exports } (X)}{\text{value of imports } (M)} \times 100 \quad (2)$$

A coverage rate of more than 100% means that the country has a strong commercial position (commercial competitiveness), while a rate of less than 100% indicates a weak position or commercial dependence (negative trade balance).

Regarding the importance and impact of exports and imports at international level, we can see through indicators, for instance, the degree of openness to trade (DOT) of a nation. This indicator measures the weight of trade relations with the outside in the total product of the country during a certain period (typically one year) and is calculated as the ratio of the total value in euro of exports and imports of goods and services to GDP:

$$DOT = \frac{X + M \text{ (at current prices, current exchange rates)}}{GDP} \times 100 \quad (3)$$

Where:

X: Exports

M: Imports

GDP: Gross Domestic Product

The degree of openness to the outsider indicates the level of interdependence that the National economy has with the outsider world. Thus, the greater the value of DOT, the greater the interdependence between the National economy concerned and the world economy. In other words, a more open economy is more permeable to the external economic situation because the commercial flows function as mechanisms of transmission of the same. If this indicator shows a high value (in % of GDP), this is indicative of an open economy⁴.

The reason why countries decide to open their economies is that it gives them clear advantages. International trade encourages individuals to produce

⁴ However, some caution is needed in the analysis and comparison of this indicator for different countries since they have different characteristics and structures.

what they produce best and to consume a wide range of goods. In all countries, these benefits will help increase living standards.

Exports and imports, either with its impact at a domestic level or international level, are key components when discussing international trade. However, these two components are not the only ones that influence it. Since early in times, a phenomenon called Globalization has made an impact and changed the world we live in and consequently the realm of international trade.

2.2 Globalization

2.2.1 Concepts and definition

Globalization, contrary to what many believe, is not a new process. The relation between trade and wealth, between trade and innovation, is not new. The history of this phenomenon dates back into Caral (present-day Peru), the Romans, and even the Age of Discovery with Portugal, Spain, Netherlands, and England.

The Lisbon Group (1994), which consists of 19 personalities from all over the world, defined Globalization as:

“The multiplicity of connections and interconnections between States and societies that characterize the present world system It describes the process by which events, decisions and activities carried out in one part of the world have significant consequences for individuals and communities in different parts of the globe”

Globalization can be interpreted not only in terms of economic activity, but also in political, technological and cultural interactions. It can also be considered several key factors such as standardization, transportation, migration, trading, communication, and others (Almas, & Sangchoon, 2010, p.87).

This phenomenon caused a convergence into one big global economy of historically distinct and separate national markets, referred as Globalization of markets. According to Levitt, (1993), the tastes and preferences of consumers in different nations are beginning to converge into a global norm, helping to create a global market. (Levitt, 1993). Some examples are McDonald's Corporation, Starbucks Coffee, Coca-Cola, IKEA, and others.

2.2.2 Two waves of Globalization

Chronologically speaking, we can distinguish the phenomenon of Globalization into two waves. The first wave roughly from 1870 until 1914, and the second wave roughly from 1960 to the present (Baldwin & Martin, 1999, p.1).

The first wave of Globalization was traced from the late 19s until the beginning of the First World War when the rise of nationalism led to a fall in international trade (Ortiz-Ospina & Beltekian, 2018). This wave was mainly influenced by the Industrial Revolution that started in Great Britain. It led to an industrialization of the North and a de-industrialization of the South (Baldwin & Martin, 1999).

Before it started, the world was relatively agrarian and homogeneously poor. However, induced by lower costs of transporting goods, a strong specialization process was developed that was encouraged and promoted by trade expansion (Baldwin & Martin 1999). This first wave of Globalization was characterized by inter-industry trade⁵, meaning the goods that a country exported were quite different from what they imported (Ortiz-Ospina & Beltekian, 2018).

This end of this first wave was marked, as mentioned before, when the fall of capitalism and the rise of nationalism led to a slump in foreign trade in the First World War and the consequent recession brought the Great Depression to light (Ortiz-Ospina & Beltekian, 2018).

The second wave of Globalization began after the Second World War, roughly around 1960, and it is still present. At the beginning of the second wave, the globe was deeply divided between rich manufacturing nations and poor primary producers (Baldwin & Martin, 1999). However, after the Second World War, trade began to grow again, leading to a new wave of Globalization. The key explanation why this happened was the decline in transaction costs due to technical advances. This second wave that is still present until today, in contrast to the first one, is mainly characterized by a rose in intra-industry trade, meaning the exchange of similar goods and services, which consequently increases the scope for specialization (Ortiz-Ospina & Beltekian, 2018).

⁵ Inter-industry trade is based on differences in prices leading to specialization.

2.2.3 The impact of Globalization in culture

Globalization is often synonymous with worldwide economic unification and the advent of a global economy without borders. However, Globalization assumes way more than that, it entails significant shifts in the social, cultural, and political landscapes. Culture, as a way of life for humans, is still changing. Certain innovations in modern times have aided in the rapid acceleration of this phase of transition, with two main consequences: a decrease in cultural diversity and an increase in hegemonic power in the name of free trade and connectivity at all levels (Wani, H. 2011, p.33).

As Sarmiento (2014) states “Societies have never been static throughout history, as they have always adapted and changed according to the stimuli received from other cultures. The main difference is that, nowadays, cultural contacts and exchanges occur in a much faster and globalized way” (p.612).

In terms of influence and identity, it can be assumed that every culture in the world has been influenced in some way. Just one civilization reigns supreme, and that is Western culture. Because of the Western World's influence, Western culture still reigns supreme. Today, Western culture encompasses all the world's cultures. It has always been in the West's interest to rule over the world, especially to marginalize the developing world. By putting a slogan like "globalization" into practice, the West succeeds in its goal. Through this phase, the West projected its own culture, politics, economy, and values around the world, among other things (Wani, H. 2011, p.33).

Globalization leads to exchanges of ideas, values and believes between cultures. But at the same time, it brings a loss of uniqueness to different local cultures, which might lead to loss of identity. Being the only solution to invest in the local resources of these cultures and share respectfully (UNESCO, n.d.).

2.3 Trade Theories

2.3.1 Mercantilism

Mercantilism, the first theory of international trade, emerged in England in the mid sixteenth century. Its main tenet was based that it was in the best interests of a nation to sustain a trade surplus, to export more than it imported. A nation would accumulate gold and silver by doing so and as a result, increase its national wealth, reputation, and power (Coleman, 1957).

Most of the mercantilist policies were the result of the alliance between the governments of the nation-states and their mercantile classes. Such policies took several forms. At a domestic level, governments would provide capital to new industries, would create monopolies over local and colonial markets and would even award effective producers' titles and pensions. Regarding trade policy, the government supported the local industry by enforcing tariffs, restrictions and bans on imports of products competing with local producers. It also banned exportations regarding instruments and equipment and the emigration of qualified workers (Lahaye, n.d.).

During this era of Mercantilism, the advantages for one country were balanced by expenses for the other nations that exported gold and silver, and there were no net trade profits. For countries almost continually on the brink of war, it was thought that draining precious gold and silver from each other was almost as attractive as the direct benefits of trade. However, in his popular treatise, "The Wealth of Nations", in 1776, Adam Smith refuted the notion that a nation's wealth is determined by the size of the treasury. The publication of this book is generally considered to mark the end of this era of mercantilism (Lahaye, n.d.).

According to Smith (1723-1790), the wealth of the world is not a fixed number, foreign trade enables nations to take advantage of specialization and labor division, which increases the overall level of production within a country and thereby increases world development.

2.3.2 Adam Smith - Absolute Advantage

Adam Smith is recognized as the founder of modern economics. While he is one of the first and most prominent thinkers to argue in favor of free trade on the ground that it promoted the international division of labour, his theory of foreign trade is less acknowledged or recognized. Smith is the first classical economist who wrote about free trade's benefits and course (Schumacher, 2012, p.13).

In his 1776 landmark book "The Wealth of Nations", Adam Smith attacked the mercantilist assumption that trade is a "zero sum game", arguing that countries differ in their ability to produce goods efficiently. Smith presented a theory of Absolute Advantage in the first three chapters (Schumacher, 2012, p.13).

The main tenet of this theory is the ability to produce a good using fewer inputs than another producer. According to Smith (1776) each nation would profit by specializing in the production of the good it produces at a lower cost than the other country, while importing the good it produces at a higher cost. Commonly beneficial trade allows each nation to produce at least one product at the lowest cost that it can sell to its trading partner.

To understand this theory better, let us take a simple example. We assume that there are two countries. They are called country X and country Y. And there are two products. Product A and Product B.

	Country X	Country Y
Good A	6	1
Good B	4	5

Table 1- Production per hour of country X and Y in good A and B

According to the theory of Absolute Advantage, country X is better than country Y at producing good A, and country Y is better than country X at producing good B. Then, country X should specialize in the production of good A and country Y in the production of good B.

With specialization, the production of good A would be 12 in the two available hours, instead of $6+1=7$, produced in autarky. And the production of good B would be 10 in the two available hours, instead of $4+5=9$, produced in autarky. With the idea of Absolute Advantage, with international trade, both countries win, although country Y win more (by consuming, for two hours of work, 5 of good B and 6 of good A, that is, 5 more of good A in autarky), compared to Country X (consume 6 of good A and 5 of good B, that is, one more of good B than in autarky).

Thus, by specializing in a good, both countries win with international trade. But what if a nation is more efficient than its trading partner in the production of all goods? In a way to answer this question, David Ricardo (1772-1823) developed a principle to show that mutually beneficial trade can occur even when one nation is more efficient in the production of all goods.

2.3.3 David Ricardo - Comparative Advantage

In his “Principles of Political Economy”, David Ricardo (1817) showed that absolute cost advantages are not a sufficient condition for two countries to gain from trade with each other. Instead, trade would benefit both nations only if their relative costs, for instance, the ratios of their actual costs in terms of labor inputs, differ for two or more commodities. The explanation of this theory, Comparative Advantage, was based in the labor theory of value (the cost or price of a commodity is exclusively explained through the incorporation of labor).

In order to explain his theory, in his book, Ricardo used two country static models - Portugal and England. Portugal was more efficient in producing cloth than England, and England was more efficient in producing wine (Siddiqui, 2018). As the table shows:

	Cloth	Wine
England	100	120
Portugal	90	80

Table 2 - Unit Cost of England and Portugal in cloth and wine (number of hours to produce 1 unit)

As seen in table 2, Portugal is more efficient in the production of both goods. However, according to David Ricardo, following free trade, each country should specialize in the goods in which it had a bigger comparative advantage. Portugal would specialize in the production of wine and England in the production of cloth (Siddiqui, 2018).

Krugman, Obstfeld and Melitz (2012) tried to explain this theory with a classical example:

On Valentine's Day, 1996, which happened to fall less than a week before the crucial February 20 primary in New Hampshire, Republican presidential candidate Patrick Buchanan stopped at a nursery to buy a dozen roses for his wife. He took the occasion to make a speech denouncing the growing imports of flowers into the United States, which he claimed were putting American flower growers out of business. And it is indeed true that a growing share of the market for winter roses in the United States is being supplied by imports flown in from South American countries, Colombia in particular. But is that a bad thing? (p. 25).

This example offers an excellent view why international trade can be beneficial. The resources needed to produce roses in the U.S.A could be used to produce other goods. We are seeing a trade-off. In order to produce these roses, the U.S.A would produce less of other things, for instance computers (Krugman, Obstfeld & Melitz, 2012, p.25). Normally, economists use the term opportunity cost in order to explain these trade-offs. Opportunity cost is the value of what is given up, from choosing one alternative to the other (Landsburg, n.d). The opportunity cost of roses in terms of computers is the number of computers that could have been produced with the resources used to produce a given number of roses (Krugman, Obstfeld & Melitz, 2012, p.25).

For instance, if the U.S.A grew 10 million roses to sell on Valentine's Day and the resources used to grow these roses was used to produce 100,000 computers, the opportunity cost of the 10 million roses would be 100,000 computers. Now, if these 10 million roses would instead grow in Colombia, the opportunity cost of the roses compared to the computers would be less than it would be in the U.S.A, since it is easier to grow roses in the Southern Hemisphere, where it is summer during this period. Thus, workers in

Colombia are less efficient than workers in the U.S.A when making more sophisticated goods, such as computers. This means that in Colombia a given amount of resources used in the production of computers yields less computers in Columbia than in the U.S.A. Meaning that the trade-off could be something like 10 million roses for only 30,000 computers (Krugman, Obstfeld & Melitz, 2012, p.25).

With this difference in the opportunity costs, there is the possibility for both countries to win. If the U.S.A stops growing roses and devotes to the production of computers, while Colombia grows those roses, and shifts the resources needed out profits computer industry, there would be a change. The world would be still producing the same number of roses, but it would be producing more computers, which would lead to an increase in the size of the world's pie (Krugman, Obstfeld & Melitz, 2012, p.25).

Thus, according to Krugman, Obstfeld & Melitz (2012) "A country has a comparative advantage in producing a good if the opportunity cost of producing that good in terms of other goods is lower in that country than it is in other countries." (p.26). In this example, the U.S.A has a comparative advantage in computers and Colombia has a comparative advantage in roses.

A more comprehensive theory of trade was developed by several economists in the twentieth century, in which the comparative advantage of a country depends on its endowments of the inputs called factors of production, or simply, factors that are used to produce each good. The theory can be called the Heckscher-Ohlin model.

2.3.4 The Heckscher-Ohlin Model

The Heckscher-Ohlin (HO) model was developed by Eli Heckscher, in a 1919 article, and later in his 1924 dissertation, by Bertol Ohlin, where Heckscher ideas were developed (Giri, R. 2011, p.2). Paul Samuelson further refined the theory, arguing that free exchange would equalize the price factor, too (Subasat, 2003, p.149).

The HO model is based on several assumptions:

- (1) commodities are freely mobile internationally,
- (2) all countries use the same technology in production,
- (3) factors of production are mobile domestically but immobile internationally,
- (4) tastes are the same in all countries,
- (5) there are no economies of scale,
- (6) there is perfect competition in all markets,
- (7) there are no transportation costs,
- (8) all resources are fully employed,
- (9) countries have different factor endowments and thus factor prices.

With these assumptions, the theory alleges that a country should export the product that makes intensive use of the country's relatively abundant and cheap factor and import the product whose work involves the relatively limited and expensive factor to be intensively used (Subasat, 2003, p.150). This implies that labor-intensive goods can be manufactured for export relatively cheaply in labor-abundant countries, where wage rates are poor. Similarly, these countries would import capital-intensive goods to compensate for their own capital shortages, which, again in relative terms, makes capital-intensive production expensive (Subasat, 2003, p.150).

The theory also assumes that the relative price of these goods are established by their relative supplies. According to this theory all countries are endowed with various quantities of production factors (capital - K and labor - L), and since these endowments are inherently defined, countries can make the most effective use of the best combination of these factors in order to produce commodities. When concentrating on the most significant variables, especially labor and capital, it is apparent that various countries have distinct capital and labor resources. It is needed to look at their comparative availability, namely, capital-labor ratios, to decide whether a nation is endowed/ abundant with capital or labor. If a country has a higher capital-labor ratio than another, that country is abundant with capital, or is capital abundant (Subasat, 2003, p.150).

Nevertheless, most of the trade theories do not take into account the transportation costs regarding international trade. However, Krugman (1980) proposed an analysis of the incidence of transport cost in international trade in

a monopolistic competition.

2.3.5 Gravitational Model

Most of the trade theories do not take into account the transportation costs regarding international trade. However, there is an inevitable relation between the amount of trade and transportation costs. These costs are one of many consequences that are included in a variant that is only being taken into consideration in the newest theories - Distance.

One of the most stable, robust and simple relationships in international economics is represented by the Gravitational Model - in one hand, the direct interaction between economies' size and their bilateral trade, and on the other hand, the less attractive trade ties between countries or areas that are more distant (Pinto Ribeiro, M. C.; Da Silva Martins, F. V; Da Costa Pereira, R. & Da Silva, J. R., 2019).

The nomenclature of this name is the analogy to Newton's law of gravity, "just as the gravitational attraction between any two objects is proportional to the product of their masses and diminishes with distance, the trade between any two countries is, other things equal, proportional to the product of their GDPs and diminishes with distance" (Krugman, Obstfeld, Melitz, 2012, pp.12-3).

Many authors worked in this model, being the main pioneers Timbergen (1962), Poyhonen (1963), Linnemann (1966), Aitken (1973), and Sapir (1981). These authors assumed a description of the GDP of two regions, the distance between them, and if they belong to the same integrated area, that explains the bilateral trade flow between two regions (Pinto Ribeiro, M. C.; Da Silva Martins, F. V; Da Costa Pereira, R. & Da Silva, J. R., 2019). However, Krugman (1980) proposed an analysis of the Gravitational model.

According to Krugman, Obstfeld, Melitz (2012) economists estimate a general gravity model with an equation. This equation states that the two factors deciding the amount of trade between two countries are the size of the GDPs, the distance between them, and the distance is inversely proportional (Krugman, Obstfeld, Melitz, 2012, p.13).

As stated in Krugman, Obstfeld, Melitz (2012) the Gravitational Model works because large economies, since they have large wages, prefer to spend large sums on imports. Since they generate a wide variety of goods, they also appear to draw significant shares of other countries' spending. The trade between any two economies is larger, the larger any economy is, so all things are equivalent.

A strong negative impact of distance on international trade is shown by all estimated gravity models. Typical estimates indicate that a 1 percent rise in distance between two countries is correlated with a 0.7 to 1 percent decrease in trade between those countries¹. This decrease partly reflects the increased cost of goods and services being transported. Trade tends to be strong when countries have close personal contact, but when the distance is long, this contact tends to decrease. For instance, paying a fast visit to Toronto is simple for a U.S.A sales representative, but it is a far bigger project for that representative to go to Paris (Krugman, Obstfeld, Melitz, 2012, p. 14).

¹ *Ceteris Paribus*

The present part is divided in three parts and presents the institution where the internship was carried out. In a first part, a brief overview of the institution - Intersped - is made: their history, aims and services. The second part is related to understand better what networks are since they are an important part of Intersped. Then, the third part is dedicated to the main events that Intersped participated in during the year of 2019.

3.1 The company - Intersped – Trânsitos e Navegação, lda.

Created in 2005, Intersped provides an effective global service network that covers all management of movement and storage of incoming and outgoing freight and transportation needs. Intersped is a company licenced by the Portuguese Government and also a member of APAT (Associação dos Transitários de Portugal) - Portuguese Freight Forwarders Association (Intersped, n.d.a).

The Freight Forwarders Association of Portugal (APAT) is the national association for PT-registered and licensed companies engaged in international freight forwarding, which is defined as the planning and organization of operations for the international transportation of goods via all modes of transportation (air, road, rail, and sea), as well as complementary logistics and distribution activities. APAT has around 260 corporate members, also known as freight forwarders, who provide a variety of services through different modes of transportation. Some of our members also work in customs clearance and other forms of cross-border control. APAT is a not-for-profit organization that is financed by membership dues and managed by members for members. It has a full-time Secretariat that oversees and administers the Association's affairs (APAT, n.d.).

Established in 2005, as mentioned, the company started with 3 workers in a small office. Over time they grew as a company, and it was necessary to hire one more person who took the place in accounting. Later, they rented another room within the building they were in.

A few years later, due to the same evolution and the consequent entrance of more people, they changed installations (offices). While the warehouse where they worked to fill the lorries remained the same. Since the beginning of the company's

activity, due to financial impossibility, they did not have a warehouse, so they worked in a warehouse owned by other colleagues, paying a monthly rent.

During the economic crisis that occurred in 2008 and already in possession of some financial stability, the company managed to acquire a new office that also had a warehouse with its own dock. This allowed the company to interact in a more direct way with customers, and also to visualise the goods. Since then, it has remained at the same location.

In order to progress in the market, Intersped acquired three certifications:

- AEO certificate (“operador económico autorizado”) - is the international certification of the company, it indicates that its role in the international supply chain is secure and that its customs controls and procedures are handled accordingly.
- Quality certificate - which demonstrates to partners the quality of the company's service.
- IATA (International Air Transport Association) - certification that allows the company to issue documents for air cargo without having to resort to partners as they did in the beginning.

For all these certifications, the company has to be audited every year to be able to maintain them. For IATA the company must additionally take a training with a final exam.

The aims of the company pass through helping organizations with its exports and imports processes and providing quality logistics services that can easily, effectively, and safely market the companies' goods. Intersped presents a wide range of services for their customers namely transport project analysis and management, developing for JIT (just in time) deliveries; Truck Freight Forwarding; Import and Export Documentation, including FCL - full container load, LCL - less than container load, and NVOCC - non vessel operating common carrier; customs clearance; warehousing and distribution; and order processing. The company is also connected to important key locations as the Port of Leixões and Sá Carneiro airport (Intersped, n.d.b).

Intersped has agents all over the world in order to respond to customer requests. These agents know each other through networks.

These networks not only enable the company to meet agents all over the world which would otherwise be impossible, but also give them a certain financial security. For example, the company gives 30 days for a payment and if they do not pay, the network itself speaks with them and if they refuse to pay, their image will be exposed in the group and will make most of them refuse to work with them.

3.2 Networks

Networks, or Logistics Networks are a network of agents from all over the world who come together once a year to share knowledge and meet agents from certain countries who may have the possibility of shipping. Every time Intersped participates in these events they receive a prize to stay in the group.

According to the CEO/ founder of X2 Group, one of the networks mentioned before, the need to be a part of an organization that can help forwarders deal with today's challenges is becoming increasingly important. Many forwarders realize the importance of entering logistics networks that can aid in global growth and allow them to reach more customers in more markets around the world (X2 Logistics Networks, n.d.).

A professional logistics network is designed to link like-minded independent forwarders from all over the world in a freight forwarder network that will give them the resources they need to compete on a global scale in a market dominated by multinationals. Winning more business, serving more customers, and collaborating with more trustworthy agents around the globe. All of this is possible by collaborating with a global network of like-minded forwarders who can be trusted in all markets around the world (X2 Logistics Networks, n.d.).

The X2 Group defines Networks as “essentially an alliance of hand-picked freight forwarders who are required to meet certain standards and are encouraged to work together to grow their businesses and serve their clients globally.” (X2 Logistics Networks, n.d.).

3.3 Events

As 2020 and 2021 have been atypical years due to the worldwide pandemic, all the events described in this subchapter took place in the year 2019.

Intersped participated in several events during the year of 2019. As a matter of fact, these events occurred all over the world, giving Intersped the opportunity to expand their barriers. Many of these events were Networks events - Network X2 in Thailand, February 2019; Network PLL in Macau, May 2019; and Network Americas Alliance in Miami, November 2019.



Figure 1- Intersped prizes for staying in the group

The other events where Intersped participated were the “Feira SISAB”, in March 2019 and the “Feira Intermodal South America” in São Paulo. The “Feira SISAB” is a meeting place for national companies and the world's largest agri-food importers from all five continents. It is a one-of-a-kind event that is a global leader in the export support of the companies that participate, facilitating thousands of new businesses deals every year around the world. (SISAB Portugal, n.d.). The “Feira Intermodal South America”, which has been operating for more than 25 years, is the only business forum that brings together the major players in the industry over three days with the goal of promoting business and collaborations while also providing technical support to the segments that congregate (Intermodal South America, n.d.).

This part seeks to explain the internship carried out in Intersped, mainly the tasks performed during it. Therefore, this third part is divided in three parts, being each one related to each task accomplished throughout the internship.

The curricular internship at Intersped had the duration of four months (from February 1st until May 28th), with a 35h/week work journey, which gave a total of 595 working hours. The main purpose of the internship was to develop my skills on exports and imports department. At the beginning I was supposed to start my internship in three main departments – maritime department, land transportation department, and air transportation department – and moving at the end to the sales department. However, due to the COVID-19 situation the initial plan had to change.

As mentioned, due to the pandemic, we had to adjust to the health situation. The internship that supposedly would take place at the facilities of the company, had to turn into home office and the tasks had to change as well. On February 1st, the managing director, Tânia Vilarinho welcomed me and created a group in “Skype” jointly with other employees with a view to answer any doubts that I might have and to learn from them.

Due to the change in the initial plan, the internship was thus divided into three phases. The first, which lasted the first week, was to understand some concepts, terms and documentation that would later be necessary. The second, that lasted for the longest time, until the beginning of May, was based on the observation of the exchanges of mails between the employees of the company and their clients. This phase was useful to understand how the whole process works, whether it is regarding exports or imports. The third and last phase, which started in May and lasted until the end of the internship, was the most practical. In this phase I had the opportunity to analyse and treat some requests.

4. Functions and tasks of the internship

4.1 First task – New concepts and terms

The first task started on the very first day, February 1st, where I was provided with some documents and concepts that I would need to understand the whole process throughout the internship. The documents that were provided and explained

were the ATR, BL, Certificate of Origin, EUR1, REX, and INCOTERMS. A brief explanation of this documents will be presented.

4.1.1 ATR Certificate

An ATR Certificate is a customs document that allows the free movement of certain products. Both Imports and exports between the EU and Turkey are subject to preferential tariff rates, which are usually null. This is in accordance with the stipulations of the EU-Turkey Customs Union Agreement, which went into effect on 31 December 1995 (Atlas Forwarding, n.d.).

The certificate is used to determine the duty rate that will be imposed to most industrial items imported or exported between the EU and Turkey. The duty on such goods is normally nil with the certificate, which without it, standard non-EU customs taxes would apply. Meaning each consignment between the EU and Turkey requires a new ATR Certificate (Atlas Forwarding, n.d.).

4.1.2 Bill of Landing (BoL or B/L)

The Bill of Landing (BoL or B/L) is one of the most common business documents used to complete transportation transactions by road, sea, or air. A Bill of Landing is a document provided by a Carrier⁶ to a Shipper⁷, indicating that the items have been received in excellent condition and are ready to be delivered. The carrier will next deliver the products to a Consignee⁸. This document is a contract of transport that states the terms and conditions of carriage between the Shipper, Consignee, and Carrier (International Cargo Express, 2019).

4.1.3 Certificate of Origin

According to the International Chamber of Commerce (ICC) (n.d.a.), a Certificate of Origin (CO) is an important international commerce document that validates if a certain export shipment is entirely sourced, produced, manufactured, or processed in a country. It is declared the product's "nationality" and functions as an exporter declaration to meet customs or trade standards.

⁶ someone who carries and delivers goods

⁷ someone who supplies and/or owns the goods

⁸ the person who bought the goods in the first place

Customs, banks, private parties, and importers used to request COs for a variety of reasons. Almost every country in the globe needs CO for customs clearance operations, such as calculating the tariff that will be assessed on the products or, in certain situations, determining if the products may be legally imported at all (International Chamber of Commerce, n.d.a).

According to the ICC (n.d.a), chambers can issue two different types of COs:

- Non-Preferential COs/ “Normal COs”: they attest that the goods have not been subjected to any special treatment. These are the most common types of COs that chambers can produce.
- Preferential COs: they certify that goods will be subject to lower taxes or exemptions when exported to countries that offer these benefits. These COs are frequently linked to Regional Trade Agreements (International Chamber of Commerce, n.d.a).

4.1.4 EUR1 Certificate / EUR1 Movement Certificate

The EUR1 certificate or EUR1 Movement Certificate is a frequently used document in goods commerce with EU trade, preference, and cooperative agreements, as well as with EU-affiliated governments and territories (FreightFinders, n.d.). The origin of goods entering the EU is verified using this document. It permits traders to import items from specific countries at a discounted or duty-free rate (Saloodo. n.d.). The EUR1 certificate applies also as preference certificate and is recognised as a Certificate of Origin, as well (FreightFinders, n.d.).

According to FreightFinders (n.d.), the EUR1 Certificate is accepted in countries such as: Andorra, Iceland, Norway, Liechtenstein, Switzerland, Macedonia, Turkey (ECSC-goods), Egypt, Jordan, Mexico, CARIFORUM⁹, ACP countries¹⁰, Bosnia-Herzegovina, Western Pacific countries (at the moment only Papua New Guinea und Fiji), Central African States (at the moment only Cameroon), Eastern and Southern African States, Andean countries (Peru, Colombia, Ecuador), Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama), Ghana, and others (FreightFinders, n.d.).

⁹ CARIFORUM – Caribbean Forum of African, Caribbean and Pacific States.

¹⁰ ACP countries – African, Caribbean and Pacific Group of States.

4.1.5 Registered Exporter system (REX system)

The Registered Exporter system (REX system) is a system of certifying the provenance of commodities based on the premise of self-certification. The origin of items is stated by business operators themselves through so-called origin statements. The term “REX system” is used to refer to the entire system of origin certification, not only the underlying IT system that is utilized to register exporters (European Commission, n.d.). With the evolution of computer systems, both EUR1 certificate and ATR are being replaced by REX system.

4.1.6 INCOTERMS

Since its inception in 1919, the ICC has been dedicated to facilitating international trade. Different trading methods and legal interpretations require the creation of a standard set of norms and principles. In response, the ICC released the first Incoterms® guidelines in 1936 (International Chamber of Commerce, n.d.b).

The acronym “Incoterms®” stands for international commercial terms. The ICC trademark “Incoterms®” is registered in various countries. The Incoterms® rules include acronyms for terms such as FOP (“Free on Board”), DAP (“Delivered at Place”), EXW (“Ex Works”), and CIP (Carriage and Insurance Paid To), all of which have specific connotations for the sale of goods around the world (International Chamber of Commerce, n.d.b).

For buyers and sellers all throughout the world, these expressions have global meaning. For importers and exporters all over the world, the abbreviation FCA, for instance, has the same meaning for all. FCA stands for “Free Carrier”, which refers to the seller’s obligation to deliver the products to the buyer’s designated carrier at the seller’s facilities or another specified location (International Chamber of Commerce, n.d.b).

The Incoterms® rules are the most widely used terms of commerce for the sale of goods around the world. Its standards are a guide to help exporters and importers to whether someone is placing a purchase order, packaging, and labelling a consignment for freight transit, or completing a certificate of origin at a port. Its

rules provide special direction to persons who participate in everyday global trade import and export (International Chamber of Commerce, n.d.b).

The Incoterms® rules were last modified by the ICC in 2019. Incoterms® 2010 is still in effect today, even though Incoterms® 2020 is the most recent edition of the trade terms (International Chamber of Commerce, n.d.b).

According to the ICC, the Incoterms® 2020 are as follow:

Rules for any mode or modes of transport:

- EXW | Ex Works.
- FCA | Free Carrier.
- CPT | Carriage Paid To.
- CIP | Carriage and Insurance Paid To.
- DAP | Delivered at Place.
- DPU | Delivered Duty Paid.

Rules for sea and inland waterway transport:

- FAS | Free Alongside Ship.
- FOB | Free on Board.
- CFR | Cost and Freight.
- CIF | Cost, Insurance and Freight.

After this process of reading and understanding all the documents and concepts explained, we moved on to the second task. This task was based on the follow-up of the export and import order processes.

4.2 Second Task – Follow-up of the whole process

The second task started in the second week of February and lasted until the beginning of May. The second task was based on observing all the emails exchanged between the company's employees and customers. In this way, it was possible to understand how the whole process works from start to finish, be it sea, air, or land. During this task, in a way to illustrate better the process, a map with the help of google maps was assembled.

The process of a request starts with the visit of clients into Intersped's website asking for a quote. There they will find five options to choose depending on the type of freight forwarding – “Truck Freight Forwarding”; “Sea Freight Forwarding”; “Air Freight Forwarding”; “Train Freight Forwarding”; and “Customs Exports/ Imports”. Then a survey with the necessary information about the quote needs to be field, which is later redirected into the employees' emails.

The second step is after receiving the order. An analysis is made to understand which type will be used - sea, air, land. After this analysis, a first contact is made to several suppliers to see which one presents the best proposal/value for the order. When the proposal is received from the suppliers, the best value is added to other factors that are included in the final quotation, such as documents, dossier expenses (staff work), among others. Finally, the quotation is sent to the client and a reply is awaited. If it is accepted, the order is formalised.

After formalising the order, an internal analysis is performed on the quotation where the cost and sales values are compared in order to find the profit and margin of the order. For instance, if the order presents a sales value of 90 euros and with a cost value of 50 euros, the profit will be 40 euros and the margin 44.44%.

During this task, a total of thirty-one exports/ imports were observed, both sea, air, and land. In the end, a map was created to illustrate these thirty-one processes.

Figure 2 illustrates a map constructed using the data collected during the second task. In it, it is possible to observe the final destination of the requests. The map is divided in: exports (represented by dark colours - dark green, dark blue and dark yellow) and imports (represented by light colours - light green, light blue and light yellow). The division is also made in the mode of transport: land (represented by the green colour); sea (the blue colour) and air (the yellow colour).

In total there were thirty-one orders, of which twenty-five exports and six imports. Of this total, sixteen were by air, where thirteen were exports and three imports; eleven by sea, ten exports and one import; and four by land, two exports and two imports. It is also possible to observe that in total, ten were destined for the American continent, nine for Asia, seven for Africa, and five for Europe.

Some possible conclusions that can be drawn from this map :

- the American and Asian continent are the company's main destinations;
- the distance from Portugal to the main destinations justifies that the main means of transport are by air and sea;
- the number of exports (twenty-five in total) is greater than the number of imports (six in total).

In conclusion, Intersped works mainly with exports, by air and sea, to the American and Asian continents. See figure 2:



Figure 2- Requests of exports and imports in Intersped

Source: Google My Maps

4.3 Third Task – The making of a quote¹¹

The third and last task of the internship started in the beginning of May and lasted until the end of the internship. During this task, I was able to carry out three quotes which were supervised by an employee of the company. These quotes were one exportation by sea, one importation by land and a request to submit air destination charges.

4.3.1 Sea quote

The first quote executed was an exportation by sea where the product needed to be collected and then sent to its final destination. This quote was divided in four steps.

Order:

- Collection: Portugal.
- Port of Loading (POL): Leixões, Portugal.
- Port of Discharge (POD): Saint Barthelemy.
- Via a specific shipping and logistics company.

The **first step** was to analyse the quote and discover what Incoterm® would be used: the FOB (Free on Board) or EXW (Ex Works). If it was the FOB, the shipping agent's origin costs would have to be given plus the remaining local costs. If it was the EXW, in addition to the expenses mentioned, it would also be necessary to present the costs for sea freight.

The **second step** was to contact the suppliers to check the cost of product collection. It was sent an email to three different suppliers with the following information:

- Container pick-up location;
- Collection address;
- Delivery address of the loaded container.

The **third step**, following receiving both answers, from the client (that chose the EXW) and from the suppliers (which cost was 400€), it was missing a last cost.

¹¹ The numbers in this subchapter do not represent real values. They only serve as an explanation.

It was needed to collect the freight cost from the website of the specific shipping company.

The **fourth and last step** was after having all the costs, to make the quote (see Figure 3) and send it to the client to approve.¹²

Sea		
	Cost	Sale
OCEAN FREIGHT/ PER CONTAINER	5 100,00 €	5 300,00 €
BUNKER/ PER CONTAINER	600,00 €	600,00 €
CARRIER'S ORIGIN CHARGES/ PER CONTAINER	250,50 €	250,50 €
CARRIER'S ORIGIN CHARGES/ PER MBL	50,00 €	50,00 €
INLAND TRANSPORT/ PER CONTAINER	200,00 €	265,00 €
BL/ PER HBL	0,00 €	65,00 €
EXPORT CUSTOMS CLEARANCE/ PER HBL	30,00 €	80,00 €
Total	6 250,50 €	6 610,50 €
Profit	380,00 €	
Marge	5,81%	

Figure 3- Own calculations, example of a Sea quote. The values do not correspond to the real ones

In this quote all the costs from this request are represented, namely:

- The cost of the ocean freight, the method to transport goods by sea.
- The cost of the bunker, which refers to the part of sea freight rates that is subject to fluctuation due to oil prices.
- The cost of the carrier's origin charges, charge for handling containers before they are loaded onboard a vessel at the port of origin, both per container and per MBL¹³.
- The cost of inland transportation since it was needed to collect the product from a different location to the port of origin.
- The BL document per HBL¹⁴.

¹² In all the quotes, costs were given by the employee of the company for me to assemble the quote. This is not the quote that was sent to the client since the company utilizes a specific and official form.

¹³ MBL stands for Master Bill of Lading, which is given by the principal carrier of goods upon receipt of goods from a freight forwarder for delivery at the agreed-upon destination.

¹⁴ HBL is for House Bill of Lading, which is a document given by a freight forwarder upon receiving goods from a shipper and agreeing to deliver the items to their final destination.

- The export customs clearance per HBL, which is the procedure of requesting authorization from a country's government, through its customs authority to export.

In this quote the “ocean freight/ per container”, the “inland transport/ per container”, “BL/ per HBL” and “Export customs clearance/ per HBL” have a different cost with the sale because it is imposed a rate from the company.

At the end, the total cost of the quote is made, and the profit is obtained by subtracting the total of the sale and the total of the cost.

4.2.2 Land quote

The second quote executed was an importation by land. The product needed to be carried from Germany to Portugal by truck. This quote was divided in four steps.

Order:

- Collection address: Germany.
- Dimension: 1 pallet 100x60x60cm.
- Weight: 100kg.
- Place of delivery: Portugal.
- Non-loadable.

The **first step** was to contact the shippers. However, I needed first to understand if the price would be asked to carriers or to freight forwarders. The basis of this choice was: carriers usually only offer services above 2LDM/10m³/3000kg, everything below that, the price should be asked to competitors (freight forwarders). In this case, it was necessary to ask the freight forwarders.

The **second step** was to send an email to three different freight forwarders to check the cost of transportation. Since they are competitors, in the email should only be displayed essential information as the zip code and the city.

The **third step** was to calculate the Loading Meter (LDM). A LDM is the standard unit of measurement for transport by truck. The LDM is only calculated on

land services and only when goods are non-loadable. Or when the height is so high that is needed to consider the total space, even if it does not occupy. The formula to calculate de LDM is:

$$\frac{LDM}{width} = \frac{Lenght \times}{2.4} \quad (3)$$

Therefore, in this case:

$$LDM = \frac{1 \times}{0,6} = 2,25LDM$$

2.4

The **fourth and last step** was after having the cost of transportation, it was to make the quote (see Figure 4) and send it to the client to approve.

Land		
	Cost	Sale
ROAD FREIGHT	250,00 €	285,00 €
Total	250,00 €	285,00 €
Profit	35,00 €	
Marge	18,92%	

Figure 4- Own calculations, example of a Land quote

For this request, we prepared the cost of the road fright. It is represented the cost of the road fright, which is the transport of the good by road. The expense of this quote is cheaper since it was only needed to contact the shipper and proceed to the importation from Germany. At the end, the total cost of the quote is made, and the profit is obtained by subtracting the total of the sale and the total of the cost.

4.3.3 Air quote

The third and last quote executed during the internship was a request to submit the air destination charges upon arrival of an air cargo. This quote was divided in two steps.

Order:

- Mode: AIR.
- Airport of Loading (AOL): Tokyo.
- Airport of Discharge (AOD): Lisbon.
- Delivery to: Santarem, Portugal.
- Commodity: General Cargo.
- Cargo Volume: 2 packages/ 66kgs/ 74x35x20cm; 55x60x70cm.
- INCOTERM: DAP.

In air cargo when the only costs needed to present are the costs upon arrival, it is only necessary to know the delivery cost, since the rest of the costs are fixed prices by the company.

The **first step** was to send an email to three different shippers to check the cost with the following information:

- Pick-up location.
- Delivery zip-code.
- Quantities, weights, and dimensions.

In addition to the delivery cost, the expenses on arrival (which are already stipulated) are:

- Import clearance;
- Airport handling;
- Storage;
- Documentation validation;
- Dossier expenses;
- Warehouse title.

The **second and last step**, after receiving the delivery cost, it was to make the quote (see Figure 5) and send it to the client to approve.

Air		
	Cost	Sale
DELIVERY	45,00 €	64,00 €
IMPORT CLEARANCE	110,00 €	160,00 €
AIRPORT HANDLING: cost EUR0,15/kg (gross weight) (min EUR5)	11,00 €	27,00 €
STORAGE (arrival day = free)	0,00 €	0,00 €
DOCUMENTATION VALIDATION	59,00 €	79,00 €
DOSSIER EXPENSES	0,00 €	25,00 €
WAREHOUSE TITLE	25,00 €	45,00 €
Total	250,00 €	400,00 €
Profit	150,00 €	
Marge	42%	

Figure 5- Own calculations, example of a Air quote

In this quote all the costs from this request are represented, namely:

- The cost of delivery of the product.
- The cost of import clearance which is the procedure of requesting authorization from a country's government, through its customs authority to import.
- The cost of the airport handling, which cost depends on the weight of the product.
- The cost of storage of the product, which is free on the first day.
- The cost of documentation validation
- The cost of dossier expenses which is the intervention of the company.
- The costs of the warehouse title.

. At the end, the total cost of the quote is made, and the profit is obtained by subtracting the total of the sale and the total of the cost

By the end of the internship, I was able to understand how the company worked. A company that works everyday with the logistics of exports and imports all around the world. Especially when doing the three quotes by myself. Even though the whole internship was affected by the COVID-19 pandemic.

This last part seeks to provide an explanation on how the COVID-19 epidemic influenced international trade in the world, in Portugal, and specifically in the company where the internship was carried out. This chapter is divided in four parts. The first part presents a theoretical review on the impact of COVID-19 on trade. The second part analyses the impact of COVID-19 in Portugal. Using data collected from the INE, a macroeconomic analysis is made comparing the years of 2019 and 2020 regarding exports and imports. The third part presents the impact of COVID-19 in Intersped. Using data provided by the company, a microeconomic analysis is made comparing the years of 2019 and 2020, per transportation mode – by sea, land, and air. Lastly, the fourth part is directed to the future of international trade after a global pandemic.

5.1 Impact of a pandemic in the world

The beginning of the second decade of the 21st century was marked by having atypical years in which the whole world has been affected. On December 2019 in Wuhan, China, a new virus was discovered – SARS-CoV-2 or COVID-19. The new virus had its first cases in China, but it rapidly spread all over the world.

On 11 March 2020, the World Health Organization (WHO) declared COVID-19 a pandemic. To slow the spread of the virus most countries around the world adopted a form of restrictions on people and business. Many declared citywide or nationwide lockdowns and even entry ban on foreigners. These restrictions were mainly observed during the second quarter of 2020 when the virus hit the entire world. Following that first wave, most countries began to ease their limitations. As a result, many economies began to recover their growth (Hayakawa, K., & Mukunoki, H., 2021, p.1).

Nevertheless, COVID-19 had a large and varied impact on international trade. To begin with, COVID-19 inhibits trade by raising trade costs between countries. COVID-19 cases/deaths, for example, lower on-site presence of workers in the transportation and shipping sectors, such as truck drivers and port workers. Lockdown policies and port restrictions restrict air and maritime travel between countries. Transportation delays and freight costs increase as a result of these interruptions in the transportation sector. Furthermore, the spread of infectious

diseases has an impact on both the demand and supply sides of the economy (Hayakawa, K., & Mukunoki, H., 2021, p.2).

Travel limitations and social distancing have had a significant influence on tradable services that rely on physical closeness between suppliers and consumers, such as tourism, passenger transportation, and maintenance and repair services, resulting in prohibitive increases in trade prices (WHO, 2020a).

The early governmental response to the COVID-19 epidemic included travel restrictions and border closures, both of which had a direct impact on trade in products and services. They hampered freight transportation, business travel, and the provision of services that rely on the presence of people in other countries. Transport and travel costs are a significant element of trade costs, accounting for 15 to 31% of total costs depending on the sector (WHO, 2020a).

Since the start of the COVID-19 crisis, maritime and road transport have been mainly operational, albeit with some significant delays, but aviation freight movement has been seriously impacted (WHO, 2020a).

The maritime transportation dealt with port logistics concerns. Many economies adjusted port regulations, ranging from port closures and crew-change restrictions to increased documentation requirements and physical checks on boats and crew members originating from or having called at susceptible economies, causing maritime services to be disrupted. Furthermore, the maritime freight transport business reduced its supply of sailings to avoid decreasing demand depressing shipping costs (WHO, 2020a).

International land transport was impacted by border restrictions, sanitary measures (such as driver temperature measurements), and special arrangements, such as the closure of particular border stations and detours. Road cargo movement has been delayed as a result of these issues. Some exporters have attempted to shift the load from road to rail to relieve these concerns, as the latter requires significantly fewer drivers and controls per unit of cargo (WHO, 2020a).

However, travel restrictions have had an especially negative impact on air transport because they have resulted in a significant drop in passenger flights, which account for almost half of all air freight volume. As a result, there has been a

significant reduction in air cargo capacity and an increase in air freight charges (WHO, 2020a).

According to WHO (2020a), global air cargo capacity shrank by 24.8 percent in March 2020, and air freight yields were nearly twice as high in April 2020 as they were in April 2019.

Travel limitations and social separation have had the greatest impact on services that rely on physical proximity between suppliers and consumers. Tourism, passenger transportation, and maintenance and repair services all rely nearly exclusively on consumers or suppliers travelling internationally, and as a result, they have been paralyzed. Consequently, the costs of doing business in these sectors has skyrocketed (WHO, 2020a).

Regarding the trade in services, tourism was the sector which has suffered the greatest impact. Because mobility restrictions and border closures restricted tourist movement abroad, the global tourism and travel sector, which includes services such as hotels, restaurants, tour operators, and travel agencies, has perhaps been the hardest damaged by the crisis thus far (WHO, 2020b).

Tourism accounts for one in four of net jobs created during the last five years and contributes for roughly 10% of global economic activity. In recent years, the sector has become a particularly important source of growth for many emerging economies and some least-developed countries, with several South Asian and Central American nations contributing more than one-third of GDP (WHO, 2020c).

The COVID-19 outbreak has thrown the industry into chaos like it has never seen before. Tourism has shifted from a source of growth to a source of risk for countries that rely on it. For instance, the number of tourists visiting Serengeti National Park in Tanzania decreased from 6,000 to 24 per day. In Rwanda, due to travel limitations, over 20 seminars and meetings scheduled for March and April of 2020, which were supposed to produce around US\$ 8 million for the economy, were postponed (WHO, 2020c).

The COVID-19 pandemic has also had a significant impact on distribution services, as social distancing measures in numerous countries have resulted in the closure of non-essential shops (typically excluding grocery stores and pharmacies).

For example, during the peak of the outbreak in China in January/February 2020, data from the National Bureau of Statistics (NBS) revealed that retail commerce in China had decreased by 20.5 percent from the previous year. (WHO, 2020b)

Portugal's international trade did not escape the pandemic and suffered the same consequences as the whole world in both trade in goods and consequently the impact on the transportations but also trade in services.

5.2 Impact of COVID-19 in Portugal – a macroeconomic analysis¹⁵

Portugal's first cases were filed on 2 March 2020. It had 58,012 confirmed cases and 1,849 deaths six months later, on 1 September 2020. The government responded by proclaiming a state of emergency on 18 March 2020. In this state of emergency, it turned to a variety of non-pharmaceutical interventions (NPIs) aimed at slowing the spread of the virus and preventing hospitals from becoming overburdened. Social isolation, quarantines, and lockdowns were among the NPIs (Naudé, W., & Cameron, M., 2020).

When the peak of new infections was achieved in the first two weeks of April 2020, the lockdown measures were the most severe. By 14 April 2020, some measures were reduced, although there were many periods of renewed vigilance followed by relaxation between mid-April and mid-September 2020, as the government evaluated the disease's progression and attempted to keep the lockdown as flexible as possible (Naudé, W., & Cameron, M., 2020).

Even though the government acted early with the restrictions in order to stop the spread of the virus and attempt to flat the curve, the impact of COVID-19 on the country's GDP and international trade was inevitable. According to PORDATA¹⁶, Portugal's GDP in 2020 had a fall of -7,70%, after the growth of 2,49% in 2019. This fall on Portugal's GDP is tied to the pandemic's impacts, which plunged the world into a profound recession as a result of a dramatic drop in exports and consumption, mostly affecting tourism, trade and commerce.

In international trade, as mentioned, the pandemic also had a huge impact as seen in figure 6:

¹⁵ The data used in the macroeconomic analysis belong to the Instituto Nacional de Estatística, Statistics Portugal

¹⁶ Information retrieved 13 July 2020, from: <https://www.pordata.pt/DB/Portugal/Ambiente+de+Consulta/Tabela>

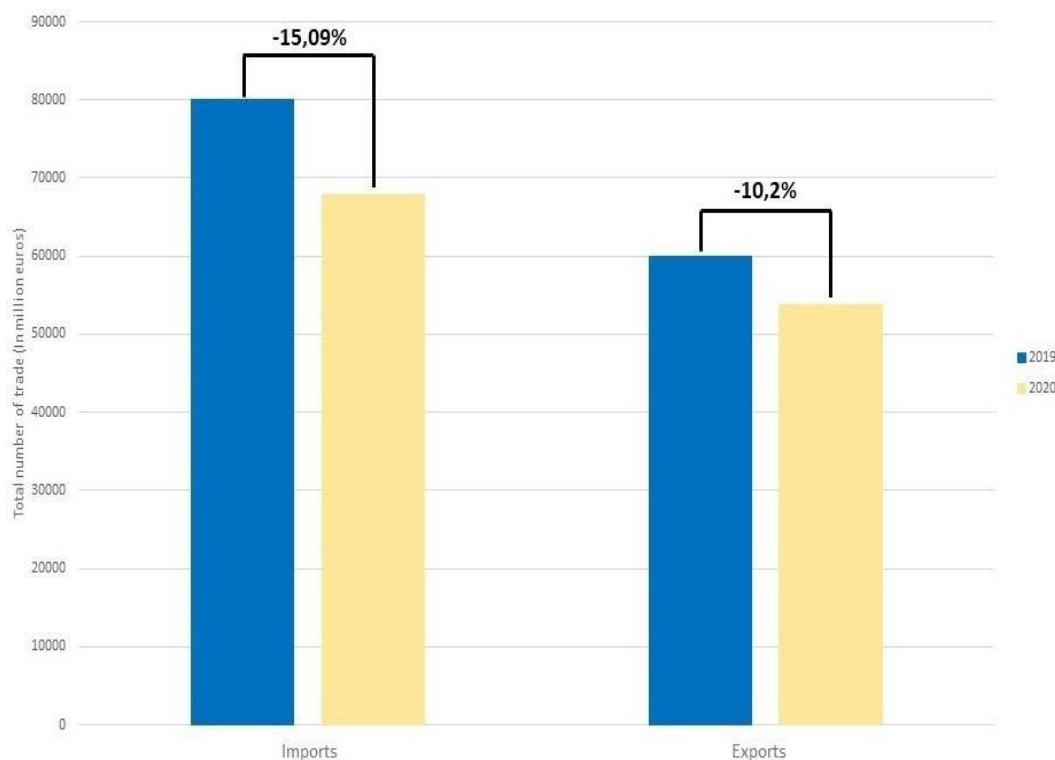


Figure 6- Total value of trade in Portugal year 2019 and 2020

In the year 2019, the total number of international trade in Portugal was 140 thousand millions of euros. In which, 79.977 millions were imports and 59.903 millions were exports, indicating that Portugal had a trade deficit.

In the year 2020, the total number of international trade in Portugal was 121 thousand millions of euros. In which, 67.909 millions were imports and 53.786 millions were exports, indicating that Portugal had a trade deficit.

Figure 6 shows the impact that COVID-19 had in imports and exports in Portugal. Due to the pandemic, imports decreased from 79.977 millions to 67.909 millions, having a decrease of 12.068 millions in imports, and exports decreased from 59.903 millions to 53.786 millions, having a decrease of 6.117 millions in exports. Comparing the two years, Portugal suffered from 2019 to 2020 a decrease of 15,09% in imports and 10,2% in exports. This is due to all the restrictions and lockdowns imposed by the government and travel restrictions.

Looking more deeply into this numbers, we can see the impact that the first wave of COVID-19 had in imports, as shown in figure 7:



Figure 7- Total value of imports during the years of 2019 and 2020

Figure 7 represents the total value of Portugal’s imports during the year of 2019 and 2020. Comparing both years, their evolution is uniform. There were increases in July (7.365.000 (2019); 5.823.000 (2020)) and October (7.273.000 (2019); 6.155.000 (2020)) and decreases in February (6.194.000 (2019); 6.420.000 (2020)) and August (5.448.000 (2019); 4.946.000 (2020)).

However, the month of April 2020 saw a sharp drop in imports. In April of 2019, Portugal registered a total number of 6.768 millions imports and in April of 2020, Portugal registered a total of 4.111 millions imports, which gives a decrease of 2.657 millions imports, a 39,26% decrease on total of imports.

This drop of imports lasted the whole year, but it was during the end of March, April and May that the difference was bigger. This fall came with the first cases of COVID-19 in Portugal, its spread and consequently the restrictions imposed by the government.

To be able to see deeper the impact that COVID-19 had in imports during 2020, figure 8 shows the imports divided into quarters:

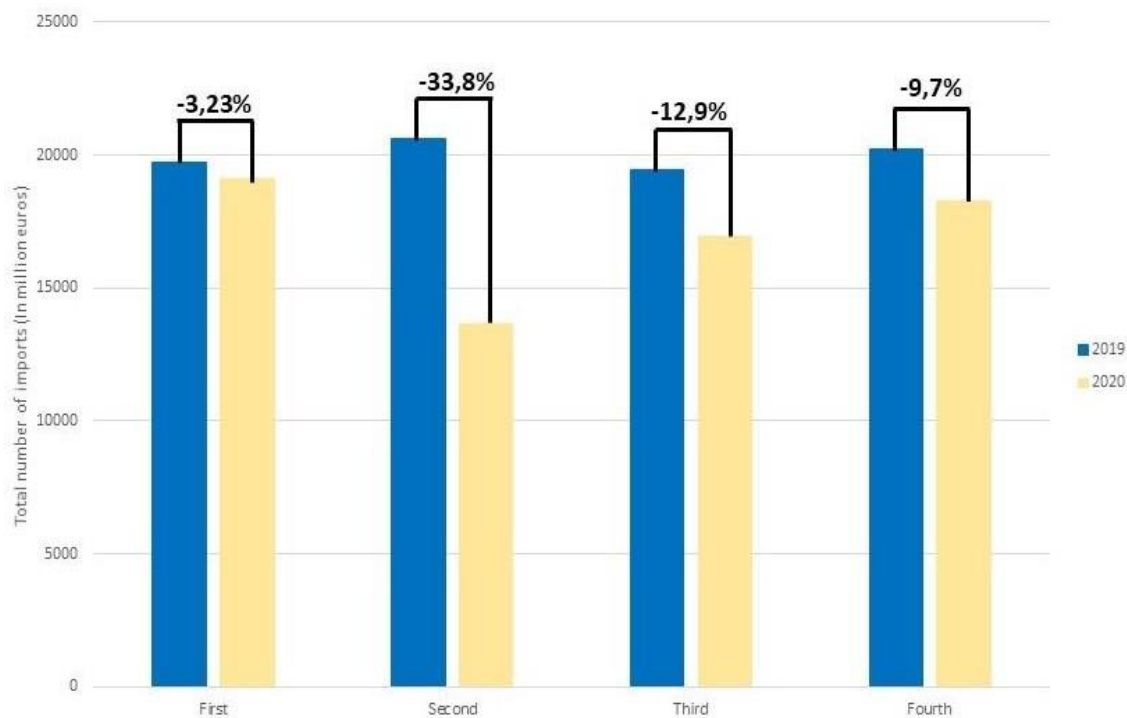


Figure 8- Total value of imports during the year of 2019 and 2020 divided into quarters

Figure 8 shows the total value of imports in Portugal during the year of 2019 and 2020 divided into quarters. The first quarter represents the months of January, February, and March; the second quarter represents the months of April, May, and June; the third quarter represents the months of July, August, and September; and the fourth quarter represents the months of October, November, and December.

The first quarter of 2019 had a total of 19.733 millions imports; the second quarter had a total of 20.593 millions; the third quarter had a total of 19.436 millions; and the fourth quarter had a total of 20.217 millions imports. While in 2020, the first quarter had a total of 19.096 millions imports; the second quarter had a total of 13.633 millions imports; the third quarter had a total of 16.924 millions; and the fourth quarter had a total of 18.255 millions.

When comparing both years, in all quarter there was a decrease of imports. The first quarter with a 3,23% decrease, the third quarter a 12,9% decrease, and the fourth quarter a 9,7% decrease. The biggest decrease, as seen also in figure 7 and now in figure 8, was the second quarter, when Portugal registered a 33,8% decrease in its total of imports.

Regarding exports, the tendency was the same as imports as figure 9 shows:



Figure 9- Total value of exports during the years of 2019 and 2020

Figure 9 shows the total value of exports in Portugal during the year of 2019 and 2020 divided in months. Comparing both years, their evolution is uniform as seen in figure 7 with imports. There were increases in July (5.401.000 (2019); 5.029.000 (2020)) and October (5.574.000 (2019); 5.450.000 (2020)) and decreases in February (4.852.000 (2019); 5.876.000 (2020)) and August (3.825.000 (2019); 3.738.000 (2020)).

However, as it happened with imports, the month of April 2020 saw a sharp drop in exports. In April of 2019, Portugal registered a total number of 4.988 millions exports and in April of 2020, Portugal registered a total of 2.926.000 exports, which gives a decrease of 2.062 millions exports, a 41,3% decrease on total of exports.

To be able to see deeper the impact that COVID-19 had in exports during 2020, figure 10 shows the exports divided into quarters:

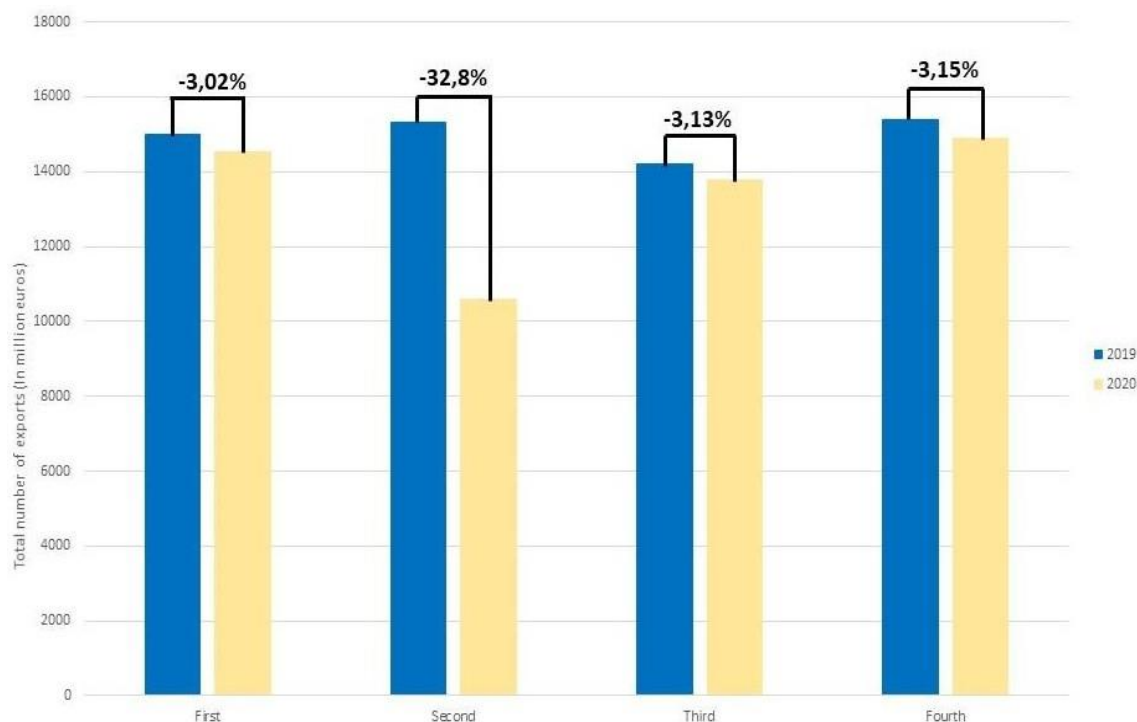


Figure 10- Total value of exports during the year of 2019 and 2020 divided into quarters

Figure 10 shows the total number of exports in Portugal during the year of 2019 and 2020 divided into quarters. The first quarter represents the months of January, February, and March; the second quarter represents the months of April, May, and June; the third quarter represents the months of July, August, and September; and the fourth quarter represents the months of October, November, and December.

The first quarter of 2019 had a total of 14.984 millions exports; the second quarter had a total of 15.753 millions; the third quarter had a total of 14.218 millions; and the fourth quarter had a total of 15.380 millions exports. While in 2020, the first quarter had a total of 14.531 millions exports; the second quarter had a total of 10.586 millions exports; the third quarter had a total of 13.773 millions; and the fourth quarter had a total of 14.896 millions.

When comparing both years, in all quarter there was a similar decrease of exports. The first quarter with a 3,02% decrease, the third quarter a 3,13% decrease, and the fourth quarter also with a 3,15% decrease. The biggest decrease, as seen also in figure 9 and now in figure 10, was the second quarter, when Portugal registered a 32,8% decrease in its total exports.

We can conclude that the year of 2020 saw a decrease both in Portugal's exports and imports (10,02% in exports and 15,09% in imports) when compared to the year of 2019. The biggest difference, both in exports and imports was during the second quarter, especially during the month of April.

As mentioned before, it was in April that Portugal experienced a proliferation of the virus and therefore, the government was forced to impose social isolation, quarantines, lockdowns, and restrictions on the movement of people, goods, and services. This caused raising trade costs between countries, difficulties in the modes of transport for exporting and importing, which ultimately caused the decrease on both exports and imports.

5.3 Impact of COVID-19 in Intersped – a microeconomic analysis

Interped suffered during the year of 2020 as much as the portuguese economy and specially in the number of request and consequently trade, since it is a freight forwarding company.

In a way to observe the impact that COVID-19 had on the company, I was provided with data for the years 2019 and 2020, both in exports and imports, and the mode of transport used - sea, land and air. This data is the number of request that the company received during these years.

This date let us observe what the impact was on the company's exports and imports and whether the pandemic impacted the means of transport for such transactions. Figure 11 shows the impact that COVID-19 had in Intersped's orders both in imports and exports. As figure 11 shows:

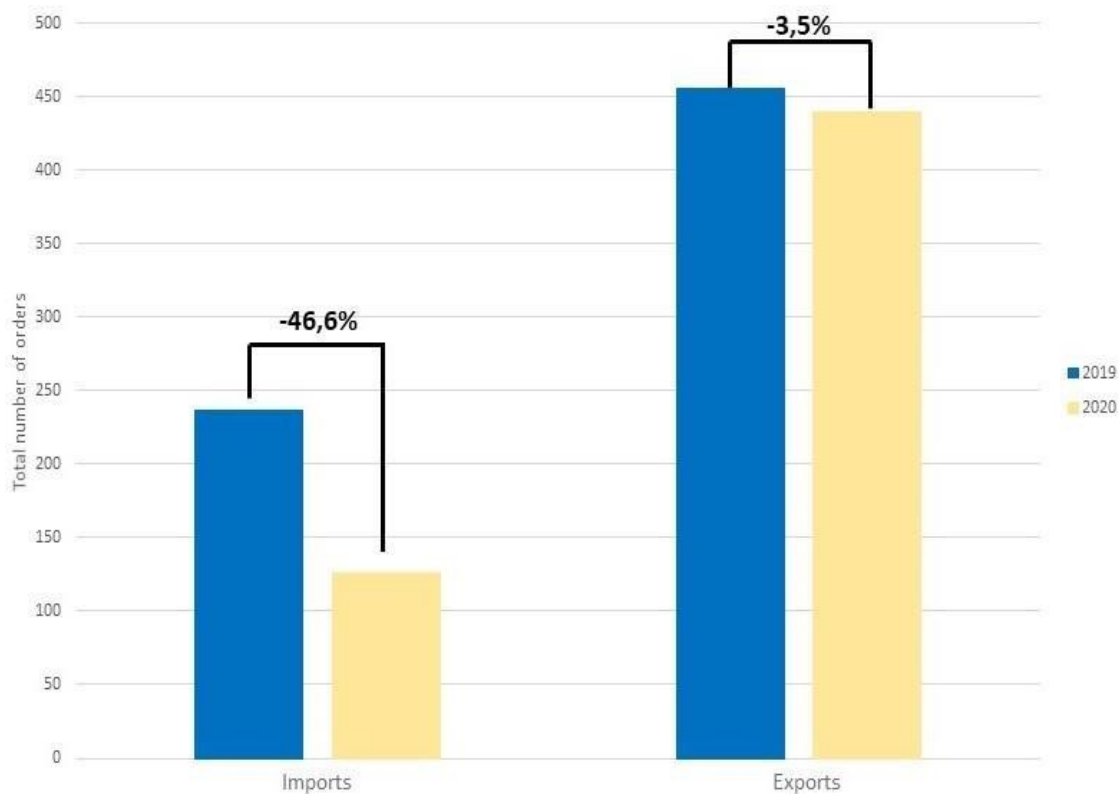


Figure 11- Total number of orders for imports and exports in Intersped year 2019 and 2020

In the year 2019, Intersped had a total of 691 exports and imports (orders). In which, 236 were imports and 455 were exports. Indicating that Intersped is a

company that leads more with exports than imports. In the year 2020, Intersped had a total of 565 exports and imports (orders). In which, 126 were imports and 439 were exports.

Due to the pandemic, orders for imports decreased from 236 to 126, having a decrease of 110 in imports, and exports decreased from 455 to 439, having a decrease of 16 in exports. Comparing the two years, Intersped suffered from 2019 to 2020 a decrease of 46,6% in orders for imports and 3,5% in orders for exports.

The reason that explains why the order for imports presents a larger decrease than the exports could be related to people's incomes from employment, which causes a drop in the demand. Consequently, having a bigger influence in the number of imports.

In the data provided by the company, I was able to analyse the impact in each way of transportation – either sea, land or air. As figure 12 shows:

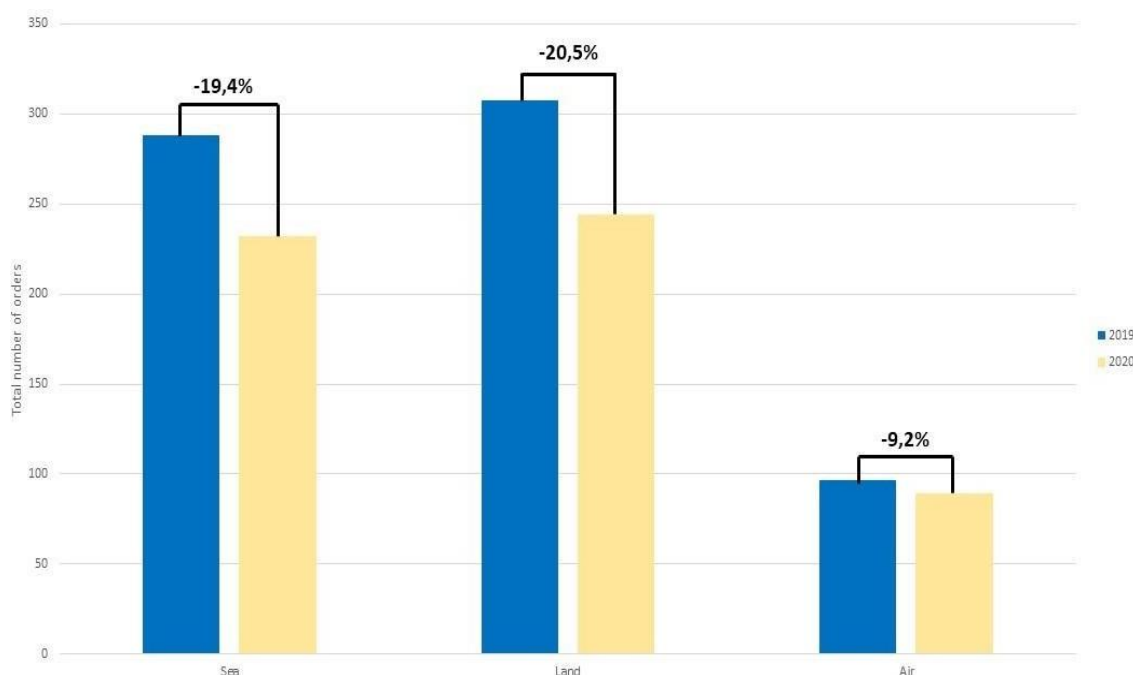


Figure 12- Total number of orders in exports and imports in Intersped year 2019 and 2020 in sea, land, and air

Figure 12 shows the total number of orders in exports and imports in Intersped in 2019 and 2020 in sea, land and air. In the mode of transport by sea, in 2019 Intersped had a total of orders of 288 and in 2020 a total of 232. By land, in

2019 it had a total of 307 and in 2020 a total of 244. By air, in 2019 it had a total of 98 and in 2020, a total of 89.

Due to the pandemic, orders by sea decreased from 288 to 232, having a decrease of 56 in total, orders by land decreased from 307 to 244, having a decrease of 63 in total, and orders by air decreased from 96 to 89, having a decrease of 7 in total. Comparing the two years, Intersped suffered from 2019 to 2020 a decrease of 19,4% in orders by sea, 20,5% in orders by land, and 9,2% in orders by air.

In contrary to what WHO (2020a) stated, in Intersped the transportation by air was not the mode most affected, but the transportation by sea and land, due to boarder restrictions and port logistics concerns, documentations, and others.

To observe better what was the impact in the mode of transport, figure 13 shows the total orders in imports:

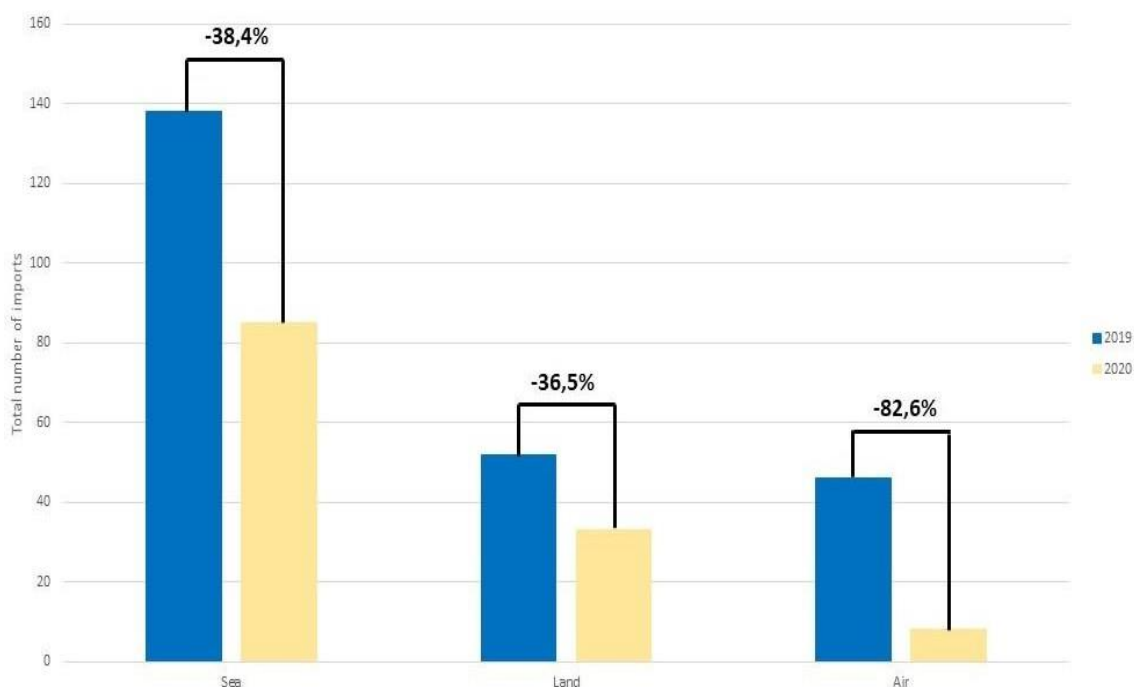


Figure 13- Total number of orders in imports in Intersped year 2019 and 2020 in sea, land, and air

Figure 13 shows the total number of orders in imports in Intersped in 2019 and 2020 in sea, land and air. In the mode of transport by sea, in 2019 Intersped had a total of orders in imports of 138 and in 2020 a total of 85. By land, in 2019 it

had a total of 52 and in 2020 a total of 33. By air, in 2019 it had a total of 46 and in 2020, a total of 8.

The pandemic had an impact in the orders of imports in Intersped. Orders by sea decreased from 138 to 85, having a decrease of 53 in total, orders by land decreased from 52 to 33, having a decrease of 19 in total, and orders by air decreased from 46 to 8, having a decrease of 38 in total. Comparing the two years, Intersped suffered from 2019 to 2020 a decrease of 38,4% in orders of imports by sea, 36,5% in orders by land, and 82,6% in orders by air.

Regarding the imports, the consequences on the mode of transportations followed what was stated by WHO (2020a), where the transportation by air was the transport most affected, since there was a significant reduction in air cargo capacity and an increase in air freight charges.

Concerning the orders in exports, figure 14 shows the total orders in exports:

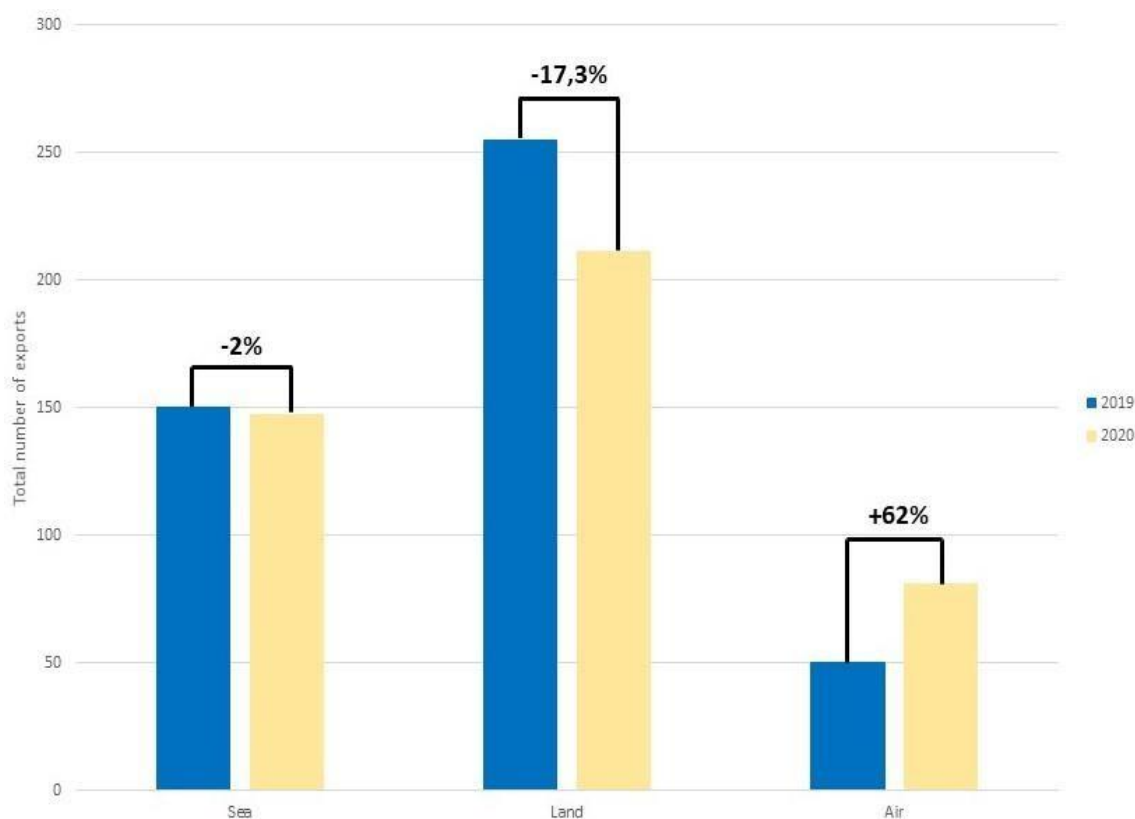


Figure 14- Total number of orders in exports in Intersped year 2019 and 2020 in sea, land, and air

Figure 14 shows the total number of orders in exports in Intersped in 2019 and 2020 in sea, land and air. In the mode of transport by sea, in 2019 Intersped had a total of orders in exports of 150 and in 2020 a total of 147. By land, in 2019 it had a total of 255 and in 2020 a total of 211. By air, in 2019 it had a total of 50 and in 2020, a total of 81.

COVID-19 had a smaller impact in the total of orders in exports in Intersped. Orders by sea decreased from 150 to 147, having a decrease of 3 in total, orders by land decreased from 255 to 211, having a decrease of 44 in total, and orders by air increased from 50 to 81, having an increase of 31 in total. Comparing the two years, Intersped suffered from 2019 to 2020 a decrease of 2% in orders of imports by sea, 17,3% in orders by land, and surprisingly, in contrary to the rest of transportations and total orders of imports, Intersped presented an increase of 62% in orders by air.

This increase in the air mode could be explained by the main destination of exports made by Intersped. During the year of 2020, regarding the orders of exports, its main destination was China, 70 orders in the total of 81, 51 orders to Hong Kong, and 19 to Shanghai, which gives an 86% of the total of exports by air in 2020 to China. China was the first country hit by the pandemic, and consequently it was the first country to recover from it. According to the New Zealand Foreign Affairs & Trade (2021), China's GDP increased by 6.5 percent year on year in the fourth quarter of 2020, up from 4.9 percent in the third quarter, bringing annual real GDP growth for 2020 to 2.3 percent.

5.4 Impact of COVID-19 on international trade: what now?

COVID-19 had a tremendous impact on international trade all around the world. The first impact was when it had its biggest impact since no one was ready for what happened. After it, the world started to move again and consequently the impact started to vanish.

According to a report from United Nations Conference on Trade and Development (UNCTAD) from May 2021, import and export trends for several of the world's main trading economies suggest that, with a few exceptions, trade in major economies has recovered since the fall of 2020.

The huge improvements, however, are attributable to the low base for 2020, and trade in several of the big economies was still below normal for 2019. The analysis reveals that all major economies are experiencing a stronger rebound for goods than for services.

China, India, and South Africa did better than other major economies in the first quarter of 2021, according to the data. China's exports, in instance, increased significantly not only compared to 2020 averages but also to pre-pandemic levels. Russian exports, on the other hand, remained well below 2019 averages.

The report points out that trade growth is uneven, particularly among emerging nations, with exports from East Asia recovering at a higher rate. The resurgence of commerce among emerging countries is also owing to the economies of East Asia (South-South trade). When East Asian emerging economies' trade figures are omitted, South-South trade remains below average.

According to the report, the value of exports in Q1 2021 remained below average for countries in transition, the Middle East, South Asia, and Africa. South America's exports rose in comparison to Q1 2020, but they remained below 2019 levels. It is discovered that the value of developing country merchandise imports and exports in Q1 2021 was significantly greater than in Q1 2020 and Q1 2019 (by about 16 percent).

According to the research, trade will continue to increase in 2021, with high growth projected in the second half of the year. The total prediction for 2021 shows a 16 percent improvement from the lowest point in 2020 (19 percent for goods and

8 percent for services). In Q2 2021, global trade in goods and services is expected to reach \$6.6 trillion, representing a year-over-year growth of around 31% compared to the lowest point in 2020 and about 31% compared to pre-pandemic levels in 2019.

However, removing pandemic limitations, maintaining a good trend in commodities prices, general restraints from trade protectionist policies, and supporting macroeconomic and fiscal conditions are all important factors, according to the research. Still, it's unclear how trading patterns will develop throughout the course of the year.

No nation is self-sufficient in a global economy, which is characterized by unique flows of products, people, and information. Each country engages in trade at various levels by selling the goods that produces, acquiring what lacks off, and producing more efficiently in some economic sectors than its trade partners.

International trade plays a significant role in human economic and cultural history. Today, trade plays a key role in the economic lives of countries and regions. Hardly any country, especially those of smaller size, could maintain a sufficient quality of living without international trade. Each country could only manufacture a limited number of goods with only domestic resources available, and shortages would be common. Thus, global trade provides access to a vast array of resources.

Started as a small firm, Intersped evolved into an important company dealing with several transactions daily, supporting this enormous phenomenon known as international trade. However, the year of 2020 marked the whole world and everyone's lives. The COVID-19 pandemic had vast repercussions in every economic sector, being the sector of trade of goods and services one of the most affected.

The internship experience during this pandemic allowed to observe better how big was the impact and what was the consequences of. Using a quantitative analysis, by using data from Portugal retrieved from INE and provided by Intersped, on both years of 2019 and 2020 in exports and imports, some conclusions were achieved. At a macroeconomic level, comparing to 2019, Portugal in the year of 2020 saw a decreased both in exports and imports, being the biggest difference during the second quarter, especially during the month of April. At a microeconomic level, comparing 2020 to 2019, Intersped observed a smaller impact on the export level but at an import level the impact was more felt. Nevertheless, both at a national level and at a small-medium enterprise, the major impact was felt during the second quarter of 2020, and after the levels of international trade and transactions started to evolve during the rest of the year until today.

Despite the consequences of COVID-19 on the internship and the changing of the initial plan, the internship provided an opportunity to observe the company's ideals in their natural state. The growth of duties and relationships allowed for the most effective use of a broad professional background while also benefiting from

work experience in a multicultural setting. The process of acquiring knowledge was intense, as was managing the application of the skills obtained during the master's degree in a variety of sectors.

Future research will be based on occurrences that occur in these new working situations – dealing with transactions at an international level. Moreover, tracking the progress of the trading patterns and how will they develop throughout the course of 2021 and the next years. Since the future of international trade is not predictable, depending only on how nations will deal with it in the future.

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