

March 18, 2020

## Customer Advisory: Novel Coronavirus – Update #6

Dear Valued Customer,

Following up on earlier released advisories we wish to provide a fresh general update across transport modes and geographies.

As most will know, the situation in China has stabilized, and the wheels are slowly, but surely turning again and cargo flows are moving and this both within ocean, rail and airfreight.

Increasingly focus had turned to Europe, South East Asia and the Americas where a similar situation is now seen as in China when the outbreak was at its highest.

### General

Overall daily business is under the circumstances running smoothly, and our contingency plan is in full effect. Many of our people working from home, ensuring all business is handled with urgency.

For further details on specific countries and mode of transport see our traffic light update below, otherwise here is a summary:

### Airfreight

The situation on airfreight is significantly more impacted than ocean freight due to significant lower capacity as a result of flight restrictions around the globe. This also impacts rate levels which remain very volatile and high. Demand out of Asia and specifically China is very high in order to clear backlogs from the lock-down, and we encourage to consider all transport modes out of Asia incl. Sea/Air and Rail transport.

Overall, we are in a situation where we can find the needed solutions and capacity to and from Asia, albeit with different routings, adjusted transit times and subject to short term pricing.

With new measures implemented in the US and severe flight restrictions in place new solutions incl. freighters are being put in place in order to meet demand. At Scan Global Logistics, we are a part of these efforts and remain committed to moving cargo to and from the US and will announce new solutions as they become available.

### Ocean freight

The main challenge on ocean freight remains equipment availability as a large portion of the global container pool is not deployed in the needed locations as a result of proper re-positioning which have been impossible over the last weeks and months. Significant efforts are being made to evacuate equipment from the overflow regions to regions with shortage of equipment; however, a shortage of containers can be expected into April.

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*Member of the Nordic Association of Freight Forwarders.*

*All services rendered are subject to the General Conditions of the Nordic Association of Freight Forwarders (NSAB 2015). As contracting party cf. § 3 B the conditions limits the freight forwarder's liability for loss of, deterioration of, or damage to goods to SDR 8.33 per kilo and for delay to the amount of the freight, and for all other loss to SDR 100,000 in respect of each assignment (§ 21). As intermediary cf. § 3 C the freight forwarder's liability is limited to SDR 50,000 in respect of each assignment and totally in the event of any one occurrence to SDR 500,000 (§ 24). For storage, the total liability is limited to SDR 500,000 for damage occurring in the same occasion (§ 25). Special attention is directed to the network clause (§ 2); claims against the freight forwarder are statute-barred after one year (§ 28); and the lien on goods (§ 14) applies to both current and previous claims.*

Pricing remains volatile, given a significant imbalance between supply and demand. On top of that, emergency surcharges are implemented on specific trades, especially on export from Europe to Asia.

With this said overall the situation on ocean freight remains somewhat stable taking the situation into account and cargo is flowing.

### **Rail freight**

Rail to/from China and Europe remains a very good alternative mode of transport, and we have seen a significant surge in rail volume over the last weeks. The flows are moving, and we overall see a green light for rail shipments, albeit with a significant pressure on the capacity side.

We encourage that all customers consider rail as an alternative to airfreight and ocean freight basis competitive lead-time solutions and a significant price saving compared to airfreight.

### **Road freight**

On overland Road services in Europe, we generally see that we are running operations with no major disruptions and cargo is reaching its destination with only minor delays at times. There are a few isolated restrictions in place locally around Europe, e.g. distribution of general cargo (non-food stuff) in France is prohibited as per 17.03.2020 as an example.

Borders remain open for cargo movement, but naturally, some form of delay is to be expected due to increased waiting times at the respective borders.

Some effect on pricing is also apparent, and we are keeping customers updated on this as the situation develops.

This information is offered to the best of our knowledge and is prone to change.

Yours sincerely

**Scan Global Logistics**

## General overview China

Flash update as of March 18, 2020.

	Condition as of today	Dalian	Tianjin	Beijing	Qingdao	Wuxi	Shanghai	Ningbo	Xiamen	Guangzhou	Shenzhen	Hong Kong	Taiwan
Factories	Green - 100% resumption of work	●	●	●	●	●	●	●	●	●	●	●	●
	Yellow - 30% ~ 80% resumption of work	●	●	●	●	●	●	●	●	●	●	●	●
	Red - Less than 30% resumption of work	●	●	●	●	●	●	●	●	●	●	●	●
China Customs	Green - 100% work as normal	●	●	●	●	●	●	●	●	●	●	●	●
	Yellow - process delay occasionally	●	●	●	●	●	●	●	●	●	●	●	●
	Red - serious delay	●	●	●	●	●	●	●	●	●	●	●	●
Sea Freight Terminals	Green - running as normal schedule	●	●	N/A	●	N/A	●	●	●	●	●	●	●
	Yellow - terminal congestion for reefer containers	●	●	N/A	●	N/A	●	●	●	●	●	●	●
	Red - high to full yard density for empties & terminal congestion for reefer containers	●	●	N/A	●	N/A	●	●	●	●	●	●	●
Ocean Carriers	Green - booking process as per standard procedure	●	●	N/A	●	N/A	●	●	●	●	●	●	●
	Yellow - some carriers working from home or shift hours	●	●	N/A	●	N/A	●	●	●	●	●	●	●
	Red - office closed	●	●	N/A	●	N/A	●	●	●	●	●	●	●
Blank Sailings & Space Issues	Green - no space issue & blank sailings	●	●	●	●	●	●	●	●	●	●	●	●
	Yellow - space issue & blank sailings occasionally	●	●	●	●	●	●	●	●	●	●	●	●
	Red - space issue & blank sailings seriously	●	●	●	●	●	●	●	●	●	●	●	●
Airlines - Capacity (APAC more than 70% reduced, to US and EU more than 50% reduced)	Green - 70% ~ 100% Supply	●	●	●	●	●	●	●	●	●	●	●	●
	Yellow - 30% ~ 69% Supply	●	●	●	●	●	●	●	●	●	●	●	●
	Red - less than 30% supply	●	●	●	●	●	●	●	●	●	●	●	●
Air Freight Terminal	Green - running as normal schedule	●	●	●	●	●	●	●	●	●	●	●	●
	Yellow - process delay occasionally	●	●	●	●	●	●	●	●	●	●	●	●
	Red - process delay seriously	●	●	●	●	●	●	●	●	●	●	●	●
CFS and Warehouse	Green - operation hours as normal	●	●	N/A	●	●	●	●	●	●	●	●	●
	Yellow - additional time required for cargo gate in and gate out due to full scale of operation not being in place	●	●	N/A	●	●	●	●	●	●	●	●	●
	Red - service not available	●	●	N/A	●	●	●	●	●	●	●	●	●
Trucking	Green - Normal	●	●	●	●	●	●	●	●	●	●	●	●
	Yellow - apply permit & road block inspection	●	●	●	●	●	●	●	●	●	●	●	●
	Red - service not available	●	●	●	●	●	●	●	●	●	●	●	●
Rail Service	Green - schedule as normal	●	●	●	●	●	●	●	●	●	●	N/A	N/A
	Yellow - partial schedule cancelled	●	●	●	●	●	●	●	●	●	●	N/A	N/A
	Red - service not available	●	●	●	●	●	●	●	●	●	●	N/A	N/A

## General overview Asia-Pacific

	Dalian	Tianjin	Beijing	Qingdao	Wuxi	Shanghai	Ningbo	Xiamen	Guangzhou	Shenzhen	Hong Kong	Taiwan	Hanoi	Ho Chi Minh City	Manila	Phnom Penh	Bangkok	Yangon	Penang	Kuala Lumpur	Singapore	Jakarta	Surabaya	Dhaka	Chittagong	Tokyo	Osaka	Sydney	Melbourne	Perth	Auckland					
SGL office hours, staffing and open for business compared to normal circumstances	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			
SGL business continuity plan (BCP) in place and adherence to local authorities, global recommendations and SGL HQ advices	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
Customer disruptions to activities e.g. manufacturing and supply chain operations	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
Customs authorities	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Trucking, operations, drivers and equipment	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Air-, Ocean and Rail carrier offices, open for business, response time etc.	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Airfreight capacities on major tradelanes	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Airfreight terminals	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight capacities on major tradelanes	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight feeder capacities and operations	●	●	n/a	●	n/a	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight terminals	●	●	n/a	●	n/a	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight equipment availabilities	●	●	n/a	●	n/a	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
CFS and warehouse	●	●	n/a	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Rail service	●	●	●	●	●	●	●	●	●	●	n/a	n/a	●	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

## General update US

Flash update as of March 18, 2020.

	Condition as of today	Los Angeles	Seattle	Oakland	Chicago	Cleveland	Atlanta	New York	Charleston	Houston
Customs	Green - 100% work as normal	●	●	●	●	●	●	●	●	●
	Yellow - process delay occasionally									
	Red - serious delay									
Ocean Freight Terminals	Green - running as normal schedule	●	●	●	●	●	●	●	●	●
	Yellow - Reduced opening hours/Capacity issues									
	Red - severely affected and restricted									
Ocean Carrier situation	Green - no space issue & blank sailings	●	●	●	●	●	●	●	●	●
	Yellow - space issue & blank sailings occasionally									
	Red - severely affected and restricted									
CFS and Warehouse	Green - Running normal schedule	●	●	●	●	●	●	●	●	●
	Yellow - Reduced opening hours/Capacity issues									
	Red - severely affected and restricted									
Truck & Chassies – pickup and delivery for ocean cargo	Green - Normal operation	●	●	●	●	●	●	●	●	●
	Yellow - Capacity issues									
	Red - No operation available									
Airlines - Capacity	Green - 70%-100% supply	●	●	●	●	●	●	●	NA	●
	Yellow - 30%-60% supply									
	Red - Less than 30%									
Air Freight Terminal	Green - Running normal schedule	●	●	●	●	●	●	●	NA	●
	Yellow - Reduced opening hours/Capacity issues									
	Red - severely affected and restricted									
Airfreight Warehouses	Green - operation hours as normal	●	●	●	●	●	●	●	●	●
	Yellow - additional time required for cargo gate in and gate out due to full scale of operation not being in place									
	Red - service not available									
Rail Service	Green - Normal operation	●	●	●	●	●	●	●	●	●
	Yellow - Capacity issues									
	Red - No operation available									

## General overview Airfreight Europe

Flash update as of March 18, 2020.

	Condition as of today	DK	SE	NO	FI	DE	NL	BE	ES	FR	IT	CZ
Customs	<b>Green</b> - 100% work as normal	●	●	●	●	●	●	●	●	●	●	●
	<b>Yellow</b> - process delay occasionally											
	<b>Red</b> - serious delay											
Ocean Freight Terminals	<b>Green</b> - running as normal schedule	n/a										
	<b>Yellow</b> - terminal congestion for reefer containers											
	<b>Red</b> - high to full yard density for empties & terminal congestion for reefer containers											
Ocean Carriers including Blank Sailings & Capacity	<b>Green</b> - no space issue & blank sailings	n/a										
	<b>Yellow</b> - space issue & blank sailings occasionally											
	<b>Red</b> - space issue & blank sailings seriously											
Airlines - Capacity Eastbound	<b>Green</b> - 70% ~ 100% of normal capacity	●	●	●	●	●	●	●	●	●	●	●
	<b>Yellow</b> - 30% ~ 69% of normal capacity											
	<b>Red</b> - less than 30% of normal capacity											
Airlines - Capacity Westbound	<b>Green</b> - 70% ~ 100% Supply	●	●	●	●	●	●	●	●	●	●	●
	<b>Yellow</b> - 30% ~ 69% Supply											
	<b>Red</b> - less than 30% supply											
Airline Terminal	<b>Green</b> - running as normal schedule	●	●	●	●	●	●	●	●	●	●	●
	<b>Yellow</b> - process delay occasionally											
	<b>Red</b> - process delay seriously											
Airfreight Warehouses	<b>Green</b> - operation hours as normal	●	●	●	●	●	●	●	●	●	●	●
	<b>Yellow</b> - additional time required for cargo gate in and gate out due to full scale of operation not being in place											
	<b>Red</b> - service not available											
Trucking	<b>Green</b> - Normal	●	●	●	●	●	●	●	●	●	●	●
	<b>Yellow</b> - apply permit & road block inspection											
	<b>Red</b> - service not available											

## General overview Ocean freight Europe

Flash update as of March 18, 2020.

	Condition as of today	DENMARK	NORWAY	FINLAND	SWEDEN	SPAIN	GERMANY	BENELUX
Customs	<b>Green</b> - 100% work as normal							
	<b>Yellow</b> - process delay occasionally	●	●	●	●	●	●	●
	<b>Red</b> - serious delay							
Ocean Freight Terminals	<b>Green</b> - running as normal schedule							
	<b>Yellow</b> - terminal congestion for reefer containers	●	●	●	●	●	●	●
	<b>Red</b> - high to full yard density for empties & terminal congestion for reefer containers							
Ocean Carrier situation (Import)	<b>Green</b> - no space issues	●	●	●	●	●	●	●
	<b>Yellow</b> - space issue & blank sailings occasionally		●	●	●	●	●	●
	<b>Red</b> - space issue & blank sailings seriously							
Ocean Carrier situation (Export)	<b>Green</b> - no space issues	●	●	●	●	●	●	●
	<b>Yellow</b> - space issue & blank sailings occasionally							
	<b>Red</b> - space issue & blank sailings seriously	●	●	●	●	●	●	●
CFS and Warehouse	<b>Green</b> - operation hours as normal							
	<b>Yellow</b> - additional time required for cargo gate in and gate out due to full scale of operation not being in place	●	●	●	●	●	●	●
	<b>Red</b> - service not available							
Trucking/Rail – pickup and delivery for ocean cargo	<b>Green</b> - Normal							
	<b>Yellow</b> - apply permit & road block inspection	●	●	●	●	●	●	●
	<b>Red</b> - service not available							

## General overview Rail Europe

Flash update as of March 18, 2020.

	Condition as of today	Hamburg	Duisburg	Liege	Munic	Milano	Madrid	Mala	Budapest	Ceska Trebova	Helsinki	All CN HUB*
Rail Service Terminal	<b>Green</b> - as normal											
	<b>Yellow</b> - slow down	●	●	●	●	●	●	●	●	●	●	●
	<b>Red</b> - close											
Rail Service Trucking	<b>Green</b> - as normal											
	<b>Yellow</b> - congestion and slow down	●	●	●	●	●	●	●	●	●	●	●
	<b>Red</b> - service not available											
Rail Service Capacity	<b>Green</b> - as normal											
	<b>Yellow</b> - partial schedule cancelled	●	●	●	●	●	●	●	●	●	●	●
	<b>Red</b> - service not available											
Rail Service Carrier	<b>Green</b> - as normal											
	<b>Yellow</b> - home office or on shift	●	●	●	●	●	●	●	●	●	●	●
	<b>Red</b> - office closed											

\* Except Wuhan where to service is cancelled.

## General overview Road Europe

Flash update as of March 18, 2020.

	Condition	Status	European road traffic
General status	<b>Green</b> - 100% work as normal		Trucks are running and we can run business as usual with a few delays at border in Germany and Norway.
	<b>Yellow</b> - Minor impacts		
	<b>Red</b> - Serious impact		
Ferry situation	<b>Green</b> - running as normal schedule		Fjord Line cancelled line Hirtshals-Stavanger. Color Line canceled route Kristiansand-Hirtshals. Stena Line closed the route Oslo-Frederikshavn. Stena Line closed the route Trelleborg-Sassnitz. Other ferry routes operates as normal
	<b>Yellow</b> - slight delays		
	<b>Red</b> - No service / serious delay		
Capacity	<b>Green</b> - 70% ~ 100% of normal capacity		No capacity constraints so far. We have the trucks we need to operate. However Incoming flow of trucks has been reduced in particular Sweden, meaning it may be difficult to find one way trucks in a short notice
	<b>Yellow</b> - 30% ~ 69% of normal capacity		
	<b>Red</b> - less than 30% of normal capacity		
Leadtimes	<b>Green</b> - 100% work as normal		Expect longer leadtimes as there are queues on all european borders. Time definite deliveries may not be possible
	<b>Yellow</b> - Minor delay occasionally		
	<b>Red</b> - Serious delay		
Cost-effects	<b>Green</b> - Normal		At this point we dont have the full overview, but it is clear that due to the closed ferry routes, cost will increase in certain routes. Queues may also have an effect on the cost and thereby prices we are able to provide. We aim to deliver normal service all over, but warn that extra cost may occur with short or no notice
	<b>Yellow</b> – Risk of increased cost on ad hoc basis		
	<b>Red</b> – Force majeure - all quotes are invalid. We only work on ad hoc pricing		
Government regulation	<b>Green</b> – Normal		All borders in Europe remain open for cargo passage. In France we have been informed that certain regions have banned distribution of everything but foodstuff. We are following the situation and will inform when we have more detailed news.
	<b>Yellow</b> – Minor disruption – can still deliver		
	<b>Red</b> – Full block of one or more geographic areas – no deliver possible		