



Customer Advisory: Novel Coronavirus – Update #11

Dear Valued Customer,

The fight against COVID-19 pandemic is ongoing more or less in all countries around the world. We are thankful to have been a part of managing shipments with critical medical equipment for health authorities and organisations around the world, and we remain committed to continuing these efforts in the months to come.

Shipments with medical supplies are naturally handled with utmost urgency and priority, however we also still see that shipments with general cargo are expedited and we find solutions to keep this form of cargo moving also.

IT IS BUSINESS AS UNUSUAL

The situation can by now be described as **“Business as unusual”** in the sense that disruptions to normal trade flows have become the new normal, and the same is the case for price volatility not least within airfreight.

From a lockdown perspective there is little change globally, however a number of countries especially in Europe have communicated that parts of society will start to re-open in the beginning of May. This marks the first signs of progress outside China, however at the same time we experience a worrying trend in South East Asia. Countries as Singapore, Cambodia and Myanmar are now also heavily impacted by the pandemic. One example is Myanmar where majority of factories have been ordered to close down between April 20-30, while awaiting inspection from relevant authorities which needs to be passed before a re-opening can take place. Lockdown continues in large sourcing countries as Bangladesh and India although volumes are flowing, but at a significantly reduced level.

Ocean freight impacted by continued blanking of sailings

Blank sailings continue to be introduced on the Asia/Europe and Asia/US trade lanes, as well as slow steaming is being applied. In a few rare cases carriers have even opted to sail via Cape of Good Hope as oppose to using the Suez Canal, in an effort to save costs and extend lead time. We overall see further decrease in volumes, but not to the extent expected. Overall the expectation is that a major volume decline will only occur in May or June if at all.

US West Coast ports are still seeing some congestion issues. On the East coast of USA, New York port is still affected and PMT terminal at Port of Virginia informs of closing of operations by May 4th due to reduced volumes. We expect to have more details on US within the next two weeks when further news is available on re-opening plans for US as a whole.

On the pricing side levels remain stable with export rates ex Europe remaining at a high level especially due to lack of container equipment.

As one significant development more or less all carriers have announced that Q2 BAF levels have been frozen due to the dramatic drop in bunker oil prices.

Airfreight remains hot

Many governments have enacted air-bridges to cater for supplies to their healthcare systems, but with majority of commercial capacity being absent space remains scarce and comes at a premium and this is naturally also the case for general cargo.

As a new development, airfreight terminals in Shanghai, Xiamen and Guangzhou are currently changed to red alert while Shenzhen changed to yellow light as terminals in these cities are overheated with massive amounts of cargo received and particularly of PPE goods (Personal Protective Equipment).

We remain in a position to solve the challenges we face and find solutions via alternative routing points; however, the airfreight sector remains very pressured overall and this is expected to continue in the coming weeks and months as well.

Road freight keeps rolling

Minor disruptions continue within Europe especially with long queues on the border between Czech and Germany, while Italian/Austrian border is closed. Many ferry routes are still closed creating a need for alternative routings over borders resulting in even longer queues.

In Italy the government has closed all "non-essential" factories, which means that the cargo flow from and to Italy will be severely limited and all transport will take place on ad hoc basis.

Rail is still on track

The solid alternative to both ocean freight and airfreight both to and from Asia. We have experienced a surge in rail freight volumes with over 300 % in Q1 2020 and there is no sign of this slowing down. Latest we see a renewed focus on export LCL where we now offer a weekly consolidation service ex Nordics to China.

All information in this advisory is offered to the best of our knowledge and is prone to change.

Yours sincerely,

Scan Global Logistics

General overview Asia, Pacific and Sub-continent

	CURRENT STATUS AT SGL OFFICES AND SUPPLY CHAIN ACTIVITIES IN RESPECTIVE CITIES/COUNTRIES	Dalian	Tianjin	Beijing	Qingdao	Wuxi	Shanghai	Ningbo	Xiamen	Guangzhou	Shenzhen	Hong Kong	Taiwan
SGL office hours, staffing and open for business compared to normal circumstances	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●
SGL business continuity plan (BCP) in place and adherence to local authorities, global recommendations and SGL HQ advices	Green - very well prepared Yellow - well prepared Red - somewhat prepared	●	●	●	●	●	●	●	●	●	●	●	●
Customer disruptions to activities e.g. manufacturing and supply chain operations	Green - minimal impact Yellow - manageable Red - severely impacted	●	●	●	●	●	●	●	●	●	●	●	●
Customs authorities	Green - 100% work as normal Yellow - process delay occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●
Trucking , operations, drivers and equipment	Green - normal Yellow - restricted due to roadblocks, permits and shortage of drivers etc. Red - service severely impacted	●	●	●	●	●	●	●	●	●	●	●	●
Air-, Ocean and Rail carrier offices , open for business, response time etc.	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●
Airfreight capacities on major tradelanes	Green - plus 70% supply Yellow - around 50% supply Red - less than 30% supply	●	●	●	●	●	●	●	●	●	●	●	●
Airfreight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight capacities on major tradelanes	Green - no space issue & blank sailings Yellow - space issue & blank sailings occasionally Red - serious space issues and blank sailings	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight feeder capacities and operations	Green - operating as normal Yellow - medium disruptions Red - serious disruptions	●	●	n/a	●	n/a	●	●	●	●	●	●	●
Oceanfreight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	n/a	●	n/a	●	●	●	●	●	●	●
Oceanfreight equipment availabilities	Green - no problem Yellow - medium problem Red - major problem	●	●	n/a	●	n/a	●	●	●	●	●	●	●
CFS and warehouse	Green - normal operations Yellow - additional time required for cargo gate in and gate out due resources Red - service not available	●	●	n/a	●	●	●	●	●	●	●	●	●
Rail service	Green - schedules as normal Yellow - partial schedules cancelled Red - service not available	●	●	●	●	●	●	●	●	●	●	n/a	n/a

General overview Asia, Pacific and Sub-continent

	CURRENT STATUS AT SGL OFFICES AND SUPPLY CHAIN ACTIVITIES IN RESPECTIVE CITIES/COUNTRIES	Hanoi	Ho Chi Minh City	Manila	Phnom Penh	Bangkok	Yangon	Penang	Kuala Lumpur	Singapore	Jakarta	Surabaya	Dhaka	Chittagong	Mumbai	New Dehli	Tokyo	Osaka	Sydney	Melbourne	Perth	Auckland	
SGL office hours, staffing and open for business compared to normal circumstances	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
SGL business continuity plan (BCP) in place and adherence to local authorities, global recommendations and SGL HQ advices	Green - very well prepared Yellow - well prepared Red - somewhat prepared	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Customer disruptions to activities e.g. manufacturing and supply chain operations	Green - minimal impact Yellow - manageable Red - severely impacted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Customs authorities	Green - 100% work as normal Yellow - process delay occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Trucking operations, drivers and equipment	Green - normal Yellow - restricted due to roadblocks, permits and shortage of drivers etc. Red - service severely impacted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Air-, Ocean and Rail carrier offices , open for business, response time etc.	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Airfreight capacities on major tradelanes	Green - plus 70% supply Yellow - around 50% supply Red - less than 30% supply	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Airfreight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight capacities on major tradelanes	Green - no space issue & blank sailings Yellow - space issue & blank sailings occasionally Red - serious space issues and blank sailings	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight feeder capacities and operations	Green - operating as normal Yellow - medium disruptions Red - serious disruptions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Oceanfreight equipment availabilities	Green - no problem Yellow - medium problem Red - major problem	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
CFS and warehouse	Green - normal operations Yellow - additional time required for cargo gate in and gate out due resources Red - service not available	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Rail service	Green - schedules as normal Yellow - partial schedules cancelled Red - service not available	●	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

	Condition as of today	Los Angeles	Seattle	Oakland	Chicago	Cleveland	Atlanta	New York	Charleston	Houston
Customs	Green - work as normal	●	●	●	●	●	●	●	●	●
	Yellow - process delay occasionally	●	●	●	●	●	●	●	●	●
	Red - serious delay	●	●	●	●	●	●	●	●	●
Ocean Freight Terminals	Green - running as normal schedule	●	●	●	●	●	●	●	●	●
	Yellow - terminal congestion	●	●	●	●	●	●	●	●	●
	Red - high to full yard density for empties & terminal congestion	●	●	●	●	●	●	●	●	●
Ocean Carrier situation, Inbound	Green - no space issue & blank sailings	●	●	●	●	●	●	●	●	●
	Yellow - space issue, equipment imbalance & blank sailings occasionally	●	●	●	●	●	●	●	●	●
	Red - space issue, equipment imbalance & blank sailings seriously	●	●	●	●	●	●	●	●	●
Ocean Carrier situation, Outbound	Green - no space issue & blank sailings	●	●	●	●	●	●	●	●	●
	Yellow - space issue, equipment imbalance & blank sailings occasionally	●	●	●	●	●	●	●	●	●
	Red - space issue, equipment imbalance & blank sailings seriously	●	●	●	●	●	●	●	●	●
CFS and Warehouse	Green - running as normal schedule	●	●	●	●	●	●	●	●	●
	Yellow - congestion and delays	●	●	●	●	●	●	●	●	●
	Red - service not available	●	●	●	●	●	●	●	●	●
Trucking/Rail – pickup and delivery for ocean cargo	Green - work as normal	●	●	●	●	●	●	●	●	●
	Yellow - delays	●	●	●	●	●	●	●	●	●
	Red - service not available	●	●	●	●	●	●	●	●	●
Airlines - Capacity, Inbound	Green - 70% ~ 100% of normal capacity	●	●	●	●	●	●	●	●	●
	Yellow - 30% ~ 69% of normal capacity	●	●	●	●	●	●	●	●	●
	Red - less than 30% of normal capacity	●	●	●	●	●	●	●	●	●
Airlines - Capacity, Outbound	Green - 70% ~ 100% Supply	●	●	●	●	●	●	●	●	●
	Yellow - 30% ~ 69% Supply	●	●	●	●	●	●	●	●	●
	Red - less than 30% supply	●	●	●	●	●	●	●	●	●
Airline Terminal	Green - running as normal schedule	●	●	●	●	●	●	●	●	●
	Yellow - process delay occasionally	●	●	●	●	●	●	●	●	●
	Red - process delay seriously	●	●	●	●	●	●	●	●	●
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	●	●	●	●	●	●	●	●	●
Truck – pickup and delivery for Airfreight cargo	Green - work as normal	●	●	●	●	●	●	●	●	●
	Yellow - delays	●	●	●	●	●	●	●	●	●
	Red - service not available	●	●	●	●	●	●	●	●	●
Rail Service	Green - schedule as normal	●	●	●	●	●	●	●	●	●
	Yellow - partial schedule cancelled	●	●	●	●	●	●	●	●	●
	Red - service not available	●	●	●	●	●	●	●	●	●

General overview Airfreight Europe

	Condition as of today	DK	SE	NO	FI	DE	NL	BE	ES	FR	IT	PL	CZ
Factories	Green - 100% resumption of work												
	Yellow - 30% ~ 80% resumption of work	●	●	●	●	●	●	●	●	●	●	●	●
	Red - Less than 30% resumption of work					●							
Customs	Green - 100% work as normal	●	●	●	●	●	●	●	●	●	●	●	●
	Yellow - process delay occasionally					●							
	Red - serious delay												
Airlines - Capacity Eastbound	Green - 70% ~ 100% of normal capacity												
	Yellow - 30% ~ 69% of normal capacity	●	●	●	●	●	●	●	●	●	●	●	●
	Red - less than 30% of normal capacity												
Airlines - Capacity Westbound	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												
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												
Trucking	Green - Normal												
	Yellow - apply permit & road block inspection	●	●	●	●	●	●	●	●	●	●	●	●
	Red - service not available												

General overview Ocean freight Europe

Condition as of today		DENMARK	FINLAND	NORWAY	SWEDEN	BELGIUM	GERMANY	THE NETHERLANDS	SPAIN
Customs	Green - work as normal								
	Yellow - process delay occasionally	●	●	●	●	●	●	●	●
	Red - serious delay								
Ocean Freight Terminals	Green - running as normal schedule								
	Yellow - terminal congestion	●	●	●	●	●	●	●	●
	Red - high to full yard density for empties & terminal congestion								
Ocean Carrier situation, Inbound	Green - no space issue & blank sailings								
	Yellow - space issue, equipment imbalance & blank sailings occasionally	●	●	●	●	●	●	●	●
	Red - severe space issue, equipment imbalance & blank sailings seriously								
Ocean Carrier situation, Outbound	Green - work as normal								
	Yellow - space issue, equipment imbalance & blank sailings occasionally	●	●	●	●	●	●	●	●
	Red - severe space issue, equipment imbalance & blank sailings seriously								
CFS and Warehouse	Green - operation hours as normal								
	Yellow - CFS/Warehouse delays	●	●	●	●	●	●	●	●
	Red - service not available								
Trucking/Rail – pickup and delivery for ocean cargo	Green - Normal								
	Yellow - delays	●	●	●	●	●	●	●	●
	Red - service not available								

General overview Road Europe

			European road traffic
General status	Green - 100% work as normal	●	<p>Trucks are running and we can run business as usual with a delays at border in Denmark-Germany, Germany-Poland and Sweden-Norway.</p> <p>Our Italian traffic will be severely limited in the coming weeks, and we are able to offer service on ad hoc basis only - see more below under government regulation.</p> <p>In Spain many consignees are closed and we often need to store cargo in terminals, waiting for consignees to re-open. However there is also a pressure on warehouse in Spain, and it is currently a challenge to find warehouse space.</p> <p>There are long queues on the border between Czech and Germany, while Italien/Austrian border is closed.</p>
	Yellow - Minor impacts		
	Red - Serious impact		
Ferry situation	Green - running as normal schedule	●	<p>Fjord Line cancelled line Hirtshals-Stavanger-Bergen</p> <p>Stena Line closed the route Oslo-Frederikshavn.</p> <p>Stena Line closed the route Trelleborg-Sassnitz.</p> <p>DFDS closed Copenhagen-Oslo.</p> <p>Color Line Kiel-Oslo has closed down.</p> <p>Zeebrugge - Gothenburg ferries are sailing on day to day schedule where departure times are updated on a daily basis.</p>
	Yellow - slight delays		
	Red - No service / serious delay		
Capacity	Green - 70% ~ 100% of normal capacity	●	<p>No capacity constraints so far. We have the trucks we need to operate.</p> <p>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.</p> <p>We start to see worrying signs that truckdrivers might be restricted in where they are allowed to go.</p>
	Yellow - 30% ~ 69% of normal capacity		
	Red - less than 30% of normal capacity		
Leadtimes	Green - 100% work as normal	●	<p>Expect longer leadtimes as there are queues on all european borders. Time definite deliveries may not be possible</p>
	Yellow - Minor delay occasionally		
	Red - Serious delay		
Cost-effects	Green - Normal	●	<p>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.</p> <p>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. The SEK & NOK is falling against EUR and we are monitoring the impact of this.</p> <p>All customers are encouraged to make sure that the consignee of their cargo is open and can receive cargo. If we arrive at a closed office or factory, SGL will need to unload the truck and store the cargo for later delivery - on the expense of the customer.</p> <p>On Italy export and import, we will not be able to operate at the normal prices quoted, but will offer ad hoc pricing per booking</p> <p>In Spain when customers can not received cargo, we will put the cargo on interim storage for account of the cargo. Pls. check that cargo can be received before booking.</p>
	Yellow – Risk of increased cost on ad hoc basis		
	Red – Force majeure - all quotes are invalid. We only work on ad hoc pricing		
Government regulation	Green – Normal	●	<p>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.</p> <p>Certain countries have made restrictions on non croatian drivers are allowed to enter Croatia if they have transitted certain specific countries. Turkey only allows native Turkish drivers into the country.</p> <p>In Italy the government has closed down all "non-essential" factories, which means that the cargo flow from and to Italy will be severely limited and all transport will take place on ad hoc basis as of 24.03.2020.</p> <p>Italian / Austrian border is closed.</p>
	Yellow – Minor disruption – can still deliver		
	Red – Full block of one or more geographic areas – no delivery possible		