



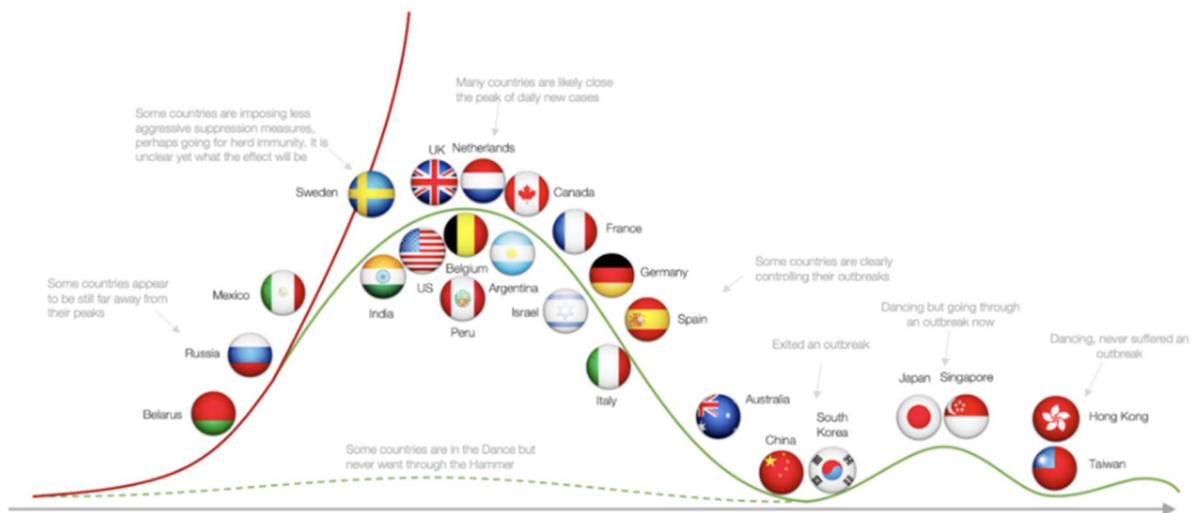
Customer Advisory: Novel Coronavirus – Update #12

Dear Valued Customer,

Inasmuch that the global situation remains steadily improving and we are all adjusting to working in a COVID-19 environment, we wish to provide you with the latest COVID-19 development within the transportation and logistics industry. In last week's advisory we labelled the current situation for *business as unusual*, and we continue to see all parties across the supply chain finding solutions to the challenges, we jointly face.

Similarly, we are seeing the first real signs of the more or less global lockdown easing up, not least in Northern Europe, but also in other countries and regions around the globe. Concrete plans for re-opening of societies are being announced on a daily basis even in some of the countries that have been affected the most i.e. Italy and Spain namely.

Below graph illustrates where many of the major countries are on the curve of recovery, as well as it describes how the global pandemic has effected the respective countries:



Source: flag icons from Vathanx, NPIs from Johns Hopkins via epidemicforecasting.org, NPIs from ACAPS and published by Tomas Pueyo on Medium.com [here](#).

Overall, we see that South East Asia are increasingly facing a difficult situation albeit with plans in place for how to deal with the situation. In Singapore a strict lockdown remains in effect and is expected to last for 4 more weeks and this is the case in other South East Asia countries as well. US remains heavily affected being 2-3 weeks after the curve compared to Europe. We now also see COVID-19 spreading to some of the geographies that have not been materially impacted so far i.e. Africa and this in sharp contrast to the global situation, which overall remains in an improved state with a gradual re-opening picking up speed.

Blank sailings continues to dominate within ocean freight

The new normal for ocean freight continues to be blank sailings as carriers continue to try and balance supply and demand in an effort to minimize impact from COVID-19. Data from [Sea Intelligence](#) shows: "SeaIntel said that last week, week 17, saw the peak of blank sailings on the Asia – North Europe trade with some 38% cancelled. In week 19 the Mediterranean to North America East Coast has 33% blank capacity and Asia to East Coast South America seeing a 59% capacity cut week 20."

Despite of the weak demand carriers continue to apply a strict pricing discipline in order to keep rate levels up, evidenced by an increase of the SCFI index of from USD 725/TEU to USD 753/TEU. An additional indicator came from OOCL posting a healthy Q1 result just 0,4 % down on volumes in Q1 despite significant impact from COVID-19 especially in China, but surprisingly revenues increased by 5,5 % despite of this.

It is considered that we in these weeks are experiencing the peak in terms of blank sailings with the level of cancelled sailings expected to go down in the coming period.

Continued pressure on airfreight capacity

As commercial capacity remains extremely scarce the fight to secure space remains very hot and full freighter solutions are in high demand. At the same time PPE shipments (Personal Protective Equipment) especially from China is prioritized ahead of general cargo putting even further pressure on the general space capacity. Rate levels remain at a record high level for the same reason and this is expected to continue in the coming period as well, until significant commercial capacity returns to the market.

A number of airports in China are heavily affected by congestion issues due to high volume pressure as well as new customs procedures for PPE shipments, where screening of cargo is now required, due to a number of cases with medical equipment not being in compliance with regulatory requirements.

Sea/Air solutions continues to accelerate with transit time difference vs. regular airfreight becoming less due to pressure on full airfreight connections.

Europe road freight continues to move

The movement of goods are still permitted and flowing with only minor delays crossing closed borders around Europe giving both transport and last mile delivery in Europe stable conditions.

We are expecting some countries to open more up within the next week.

Rail keeps rolling along the silk road

Rail connections to and from Asia remain in a stable mode though a high pressure on capacity is evident as rail volumes continue to surge. It is still providing a robust and time-efficient alternative to airfreight as well as ocean freight.

Both LCL and FCL solutions are available and the trend of rail freight being an hoc product to be a product that is used in the general supply chain planning is set to continue.

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

		Dalian	Tianjin	Beijing	Qingdao	Wuxi	Shanghai	Ningbo	Xiamen	Guangzhou	Shenzhen	Hong Kong	Taiwan
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	●	●	●	●	●	●	●	●	●	●	●	●
Ocean freight capacities on major tradelanes	Green - no space issue & blank sailings Yellow - space issue & blank sailings occasionally Red - serious space issues and blank sailings	●	●	●	●	●	●	●	●	●	●	●	●
Ocean freight feeder capacities and operations	Green - operating as normal Yellow - medium disruptions Red - serious disruptions	●	●	n/a	●	n/a	●	●	●	●	●	●	●
Ocean freight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	n/a	●	n/a	●	●	●	●	●	●	●
Ocean freight 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

		Hanoi	Ho Chi Minh City	Manila	Phnom Penh	Bangkok	Yangon	Penang	Kuala Lumpur	Singapore	Jakarta	Surabaya	Dhaka	Chittagong	New Dehli	Mumbai	Tokyo	Osaka	Sydney	Melbourne	Perth	Auckland	
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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ocean freight capacities on major tradelanes	Green - no space issue & blank sailings Yellow - space issue & blank sailings occasionally Red - serious space issues and blank sailings	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ocean freight feeder capacities and operations	Green - operating as normal Yellow - medium disruptions Red - serious disruptions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ocean freight terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ocean freight 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

		Status	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, adn 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		