

## Customer Advisory: Novel Coronavirus – Update #13

**Dear Valued Customer,**

Following up on our key messages during the last weeks we continue to see that many countries around the globe move forward with a gradual re-opening of both public and private sectors and thereby also, that industrial production kicks into gear at a steadily increasing pace.

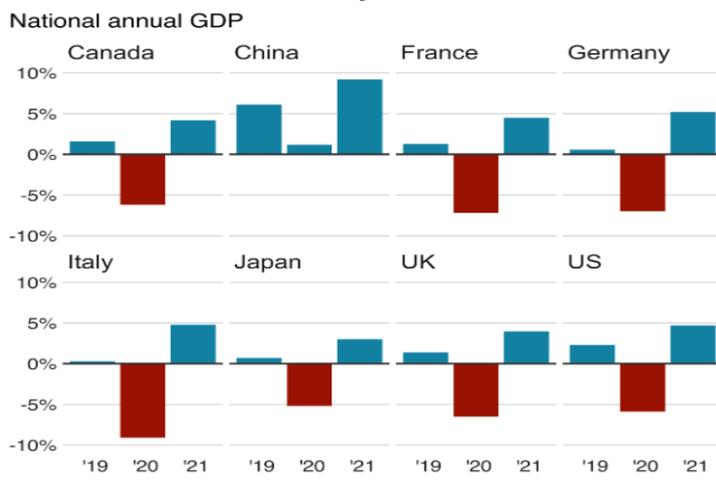
The overall picture shows a healthy level of activity across segments. As an example, the automotive industry having been one of the industries impacted most severely are now re-opening plants, this following sectors such as E-Commerce, Food & Beverage, Medical & Pharmaceuticals to name a few are that have been running at a high pace throughout the COVID-19 pandemic. This also means that the transportation and logistics sector is on full alert to find the needed solutions especially on airfreight and ocean freight with capacity remaining scarce. As an example of this check out our new established full charter airbridge from China to Australia, [read more here](#).

The “Business as Unusual” term remains very much in effect, however we assess, that we have turned a corner in this crisis situation, and subsequently that we in the coming weeks and months will continue to see a pattern where we return to a situation that resembles the situation pre COVID-19.

Having turned this corner and looking forward, focus is also shifting from short-term firefighting, to assessing the mid and long-term effect COVID-19 will have on the global economy.

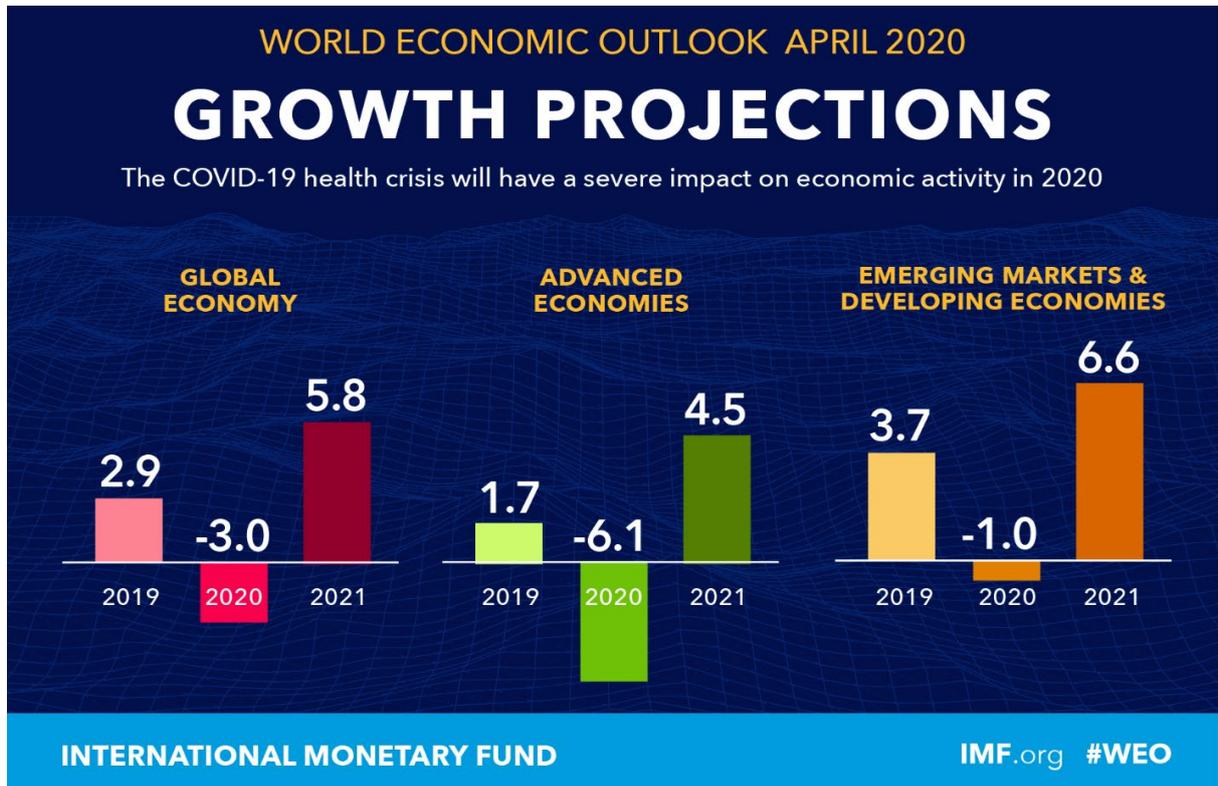
### Recession in 2020 – rebound in 2021?

#### Many advanced economies are expected to enter recession this year



Graph taken from the article at [BBC](#), origin source is IMF – International Monetary fund.

Analysts are overall in agreement that a global historic recession in the range of -2 to -5 % is to be expected in 2020. However, with a global economy that was supported by a number of healthy fundamentals ahead of the crisis, there is a big belief that 2021 will see a healthy increase in GDP estimated to be around 4-6 % marking a full rebound. This driven by consumer spending expected to return once the lockdown situation is over, as evidenced below in the latest IMF growth projection.



Graph from IMF - International Monetary Fund, from the article World Economic Outlook, April 2020: The Great Lockdown, link [here](#).

### Ocean freight continues to be impacted by blank sailings

In a continued attempt to balance supply and demand, carriers across all alliances continue to cancel sailings with 30-40 % of all sailings impacted. The current historic situation is illustrated well by a number of carriers continuing to slow-steam using the passage around Cape of Good Hope instead of the Suez Canal. One example is CMA CGM that in a historic move has decided to do this on a number of westbound voyages, traditionally this has only been done on Eastbound voyages.

Further pressure on the equipment situation is on the horizon due to a large part of the global container pool being impacted by lack of timely re-positioning of equipment. Adding to this issue the production of new container equipment has taken a steep dive during last three months, with a decline of production for both dry and reefer units of around 30 %.

For the same reason rate levels continue to be at a steady level with only minor fluctuations on the Westbound trades. Export rates on Eastbound trades have stabilized at the levels we saw in February

and March, where significant rate increases were introduced by carriers and we expect this to continue in the coming months as well.

### **Airfreight remains hot**

Commercial capacity remains more or less fully absent in the market and full freighter operations is at an all-time high, in an attempt to cover the demand for capacity.

Overall, there is short-term a widespread pessimism over the return of commercial capacity driven by lack of regular passenger departures and thereby belly hold capacity being severely reduced.

Asia to Europe as well as Asia to US capacity is still very much under pressure with especially a high pressure on shipments with PPE (Personal Protective Equipment), as governments around the world prepare for a second wave of the COVID-19 pandemic initiating stock piling of PPE equipment.

As a result, rate levels remain at a high level and there is no short-term indication that this will change. Similarly, the usage of alternative routings as well as extended transit times will be the case during the coming period, however we continue to be in a situation where we find the needed solutions despite of these challenges.

### **Rail freight continues to boom**

China National Railway Group Limited have announced an increase in the number of trains and cargo volumes moved by train to and from Europe in the first quarter of 2020 with March being a record month in the history of Eurasian rail freight traffic.

Rail continues to stand out as a stable and efficient alternative to both airfreight and ocean freight. It is worth noting that shipments of PPE equipment with rail freight presents a number of administrative challenges due to new documentation requirements being imposed, however with sufficient notice we are in a position to handle this.

### **Road freight is stable**

The biggest challenge for road freight within Europe remains cancelled ferry routes, here are some examples:

- Fjord Line cancelled line Hirtshals-Stavanger-Bergen
- Stena Line closed the route Oslo-Frederikshavn
- Stena Line closed the route Trelleborg-Sassnitz
- DFDS closed Copenhagen-Oslo
- Color Line Kiel-Oslo has closed down
- Zeebrugge - Gothenburg ferries are sailing on day-to-day schedule, departing times are updated daily

The trucking sector overall runs basis business as usual with only few sporadic delays. Capacity remains available as well and on the rate side ad hoc extra charges are implemented by haulers to recover cost for using alternative routes as described above.

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
<b>Customer</b> disruptions to activities e.g. manufacturing and supply chain operations	Green - minimal impact Yellow - manageable Red - severely impacted	●	●	●	●	●	●	●	●	●	●	●	●
<b>Customs</b> authorities	Green - 100% work as normal Yellow - process delay occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●
<b>Trucking</b> , operations, drivers and equipment	Green - normal Yellow - restricted due to roadblocks, permits and shortage of drivers etc. Red - service severely impacted	●	●	●	●	●	●	●	●	●	●	●	●
<b>Air-, Ocean and Rail carrier offices</b> , open for business, response time etc.	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●
<b>Airfreight</b> capacities on major tradelanes	Green - plus 70% supply Yellow - around 50% supply Red - less than 30% supply	●	●	●	●	●	●	●	●	●	●	●	●
<b>Airfreight</b> terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●
<b>Oceanfreight</b> capacities on major tradelanes	Green - no space issue & blank sailings Yellow - space issue & blank sailings occasionally Red - serious space issues and blank sailings	●	●	●	●	●	●	●	●	●	●	●	●
<b>Oceanfreight</b> feeder capacities and operations	Green - operating as normal Yellow - medium disruptions Red - serious disruptions	●	●	n/a	●	n/a	●	●	●	●	●	●	●
<b>Oceanfreight</b> terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	n/a	●	n/a	●	●	●	●	●	●	●
<b>Oceanfreight</b> equipment availabilities	Green - no problem Yellow - medium problem Red - major problem	●	●	n/a	●	n/a	●	●	●	●	●	●	●
<b>CFS and warehouse</b>	Green - normal operations Yellow - additional time required for cargo gate in and gate out due resources Red - service not available	●	●	n/a	●	●	●	●	●	●	●	●	●
<b>Rail</b> 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	New Dehli	Mumbai	Tokyo	Osaka	Sydney	Melbourne	Perth	Auckland	
<b>Customer</b> disruptions to activities e.g. manufacturing and supply chain operations	Green - minimal impact Yellow - manageable Red - severely impacted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Customs</b> authorities	Green - 100% work as normal Yellow - process delay occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Trucking</b> , operations, drivers and equipment	Green - normal Yellow - restricted due to roadblocks, permits and shortage of drivers etc. Red - service severely impacted	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Air-, Ocean and Rail carrier offices</b> , open for business, response time etc.	Green - business as usual Yellow - certain limitations Red - major challenges	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Airfreight</b> capacities on major tradelanes	Green - plus 70% supply Yellow - around 50% supply Red - less than 30% supply	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Airfreight</b> terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Oceanfreight</b> capacities on major tradelanes	Green - no space issue & blank sailings Yellow - space issue & blank sailings occasionally Red - serious space issues and blank sailings	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Oceanfreight</b> feeder capacities and operations	Green - operating as normal Yellow - medium disruptions Red - serious disruptions	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Oceanfreight</b> terminals	Green - running as normal schedule Yellow - process delays occasionally Red - serious delays	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Oceanfreight</b> equipment availabilities	Green - no problem Yellow - medium problem Red - major problem	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>CFS and warehouse</b>	Green - normal operations Yellow - additional time required for cargo gate in and gate out due resources Red - service not available	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Rail service</b>	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 / business	<b>Green</b> - 100% resumption of work												
	<b>Yellow</b> - 30% ~ 80% resumption of work												
	<b>Red</b> - Less than 30% resumption of work												
Customs	<b>Green</b> - 100% work as normal												
	<b>Yellow</b> - process delay occasionally												
	<b>Red</b> - serious delay												
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												
Airfreight 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

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

	Condition as of today	AUSTRIA	BELGIUM	CROATIA	DENMARK	FINLAND	FRANCE	ITALY	GERMANY	NORWAY	The NETHERLANDS	SWEDEN	SPAIN	TURKEY
General status	Green - business as usual													
	Yellow - running with minor delays	●	●	●	●	●	●	●	●	●	●	●	●	●
	Red - major challenges													●
Borders	Green - all borders are open for goods													
	delays	●	●	●	●	●	●	●	●	●	●	●	●	●
	Red - Borders closed and delivery not possible			●										●
Ferry situation	Green - business as usual													
	Yellow - several cancellations	●	●	●	●	●	●	●	●	●	●	●	●	●
	Red - major cancellations													
Capacity	Green - 70-100 % normal capacity													
	Yellow - 30-69 % capacity	●	●	●	●	●	●	●	●	●	●	●	●	●
	Red - Less than 30 % capacity													
Lead times	Green - business as usual													
	Yellow - Minor delays can occur	●	●	●	●	●	●	●	●	●	●	●	●	●
	Red - severe delays													
Cost-effects	Green - Normal													
	Yellow - Risk of increased cost on ad hoc basis	●	●	●	●	●	●	●	●	●	●	●	●	●
	Red - Ad hoc pricing													
Government regulation	Green - Normal for cargo transport and driver													
	Yellow - Minor restrictions and disruptions for drivers	●	●	●	●	●	●	●	●	●	●	●	●	●
	Red - Full block of one or more geographic areas – no delivery possible													