



Customer Advisory: Novel Coronavirus – Update #14

Dear Valued Customer,

The gradual reopening of countries around the globe continues, with majority of businesses slowly, but surely kicking into gear again. During the last week we have seen volumes starting to flow again in major sourcing countries such as India, Bangladesh, Vietnam and Cambodia and we expect this trend to continue in the weeks to come.

Same is the case for Australia and New Zealand, Germany and the Scandinavian countries where a state of new normal is imminent. Some of the other major economies such as US, UK and France remain more seriously impacted and for the same reason only a very slow and careful opening is anticipated in these countries. On a positive note Italy and Spain continues on the track of recovery, marking that the worst period of the global pandemic has passed.

Ocean freight export from Europe impacted

As carriers continue with blanking of sailings capacity is tightening up, and it is expected that major space issues in the coming weeks is on the menu for shippers around Europe. We encourage a close dialogue on forecasting for the remainder of May and June including prioritization of orders. As a consequence, we also foresee that export rates could increase further during this period, with this coming on top of the increases implemented during March on the export side.

As the overall supply and demand still favors the demand side, we do however expect that export rates will drop again during Q3 returning to the levels seen prior to outbreak of COVID-19. On the import side from Asia to Europe we see a steady and stable development with a downward trend on the demand side, however rate levels remaining stable despite of this.

Below graph on average rate development illustrates clearly that carriers have maintained a very strict pricing discipline during 2020 with levels being on par with 2018 and 2019.



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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.

Graph from: Shanghai Shipping Exchange and Clarkson (Freight rate index: CCFI).

As can also be seen from the graph, bunker levels have dropped significantly following the decline in oil prices over the last months. A number of carriers have issued notice of a temporary freeze on bunker levels for the same reason, while others continue to adjust bunker prices accordingly. Overall, we expect that the effect from the drop-in oil prices will trigger a downward adjustment reflecting the lower cost carriers have.

Airfreight commercial capacity slowly returning - perfect storm hits China airports

A picture showing a slow return in commercial bellyhold capacity is emerging as airlines re-activate selected flights, however volatility remains high both in terms of rate and capacity.

Majority of cargo from Asia continues to be moved by freighter operations. This is especially driven by PPE (Personal Protective Equipment) volumes that continue to surge causing chaos like scenes in the major Chinese airports. As an example, the situation in Pudong airport, Shanghai, has been described as the **perfect storm** triggered by the massive influx of volumes, fueled by new and extensive customs check procedures implemented by the Chinese authorities. Chock and block customs warehouses, and queues with trucks waiting outside Pudong airport for up to 48 hours are some of the current consequences in a situation that many describe as the worst ever.

New solutions on the sea-air side as an example continue to emerge, as well as we see a significant interest in using our courier product as an alternative to pure airfreight, especially for smaller shipments.

Overall, we remain in a position to handle all volumes using an array of different solutions. We overall encourage a close dialogue with our airfreight teams to determine which solution is best for the specific shipment on hand.

The stable choice: Rail freight

Service levels remains steady and reliable on rail freight with a continued increase in volumes fuelled by high price levels on airfreight, as well as a schedule delays on ocean freight due to blanking of sailings.

Rail freight continues to play a more important role in supply chain planning for many companies. We now see volumes on rail freight to Asia from Europe booming. We encourage to have this product in mind for the coming period with the continued expected pressure on ocean freight exports from Europe to Asia.

Road freight is still running

The trucking sector overall runs basis business as usual with only a few sporadic delays. Capacity remains available as well and overall stable price development.

The biggest challenge for road freight in Europe remains cancellations of ferries including:

- 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

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
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	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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
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	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	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

	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	●	●	●	●	●	●	●	●	●	●	●	●	●