



Customer Advisory: Novel Coronavirus – Update #17

Dear Valued Customer,

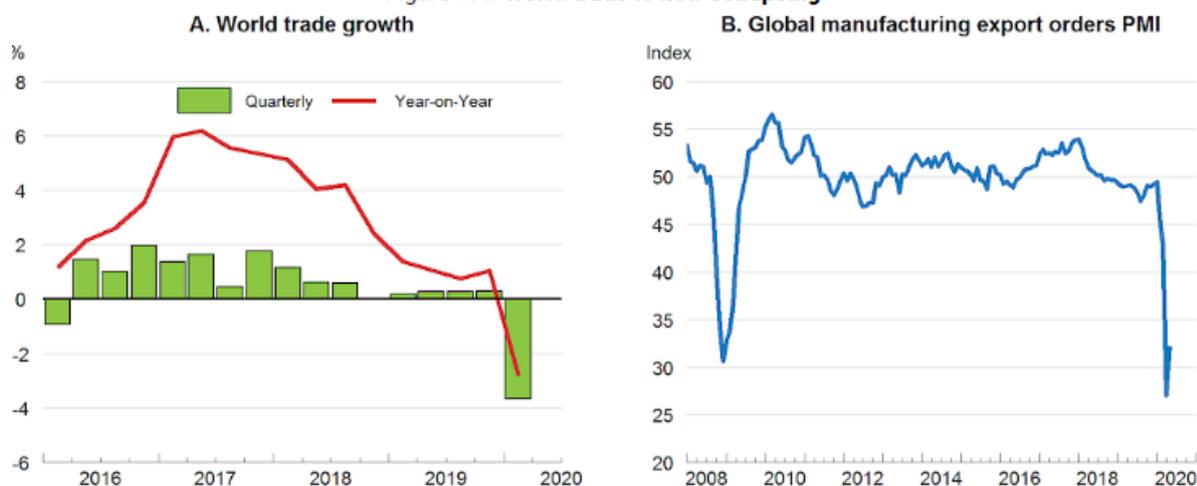
The majority of the large economies and countries around the world continue the positive trajectory with reopening of both private and public sectors. We only see minor changes from week to week, and subsequently we will going forward issue our COVID-19 advisory on a bi-weekly basis instead of every week, but naturally inform on ad-hoc basis if any major development occurs.

Despite the overall positive development globally, a few countries such as Brazil and India are still experiencing a negative trend in terms of number of reported cases resulting in continued extensive lockdown measures.

The impact from COVID-19 continues to be present, but primarily this being ripple effects on the capacity and demand side, rather than being a result of specific COVID-19 restrictions.

Intense speculation on the economical mid and long-term impact continues. As seen in below illustration from OECD a significant decrease in both global GDP and global manufacturing export orders is apparent. Ultimately this will trigger a decrease in global transport volumes across all transport modes, with our current assessment being that this will kick in as of mid Q3 and onwards. It is though uncertain what the effects of the volume decline will be on freight rate development, as carriers are expected to manage capacity tightly in order to avoid significant decreases.

Figure 1.4. World trade is now collapsing



Source: OECD Economic Outlook 107 database; Markit.

Graph from OECD report: OECD Economic Outlook, Volume 2020 Issue1: Preliminary version. Link to graph: https://www.oecd-ilibrary.org/sites/0d1d1e2e-en/1/3/1/index.html?itemId=/content/publication/0d1d1e2e-en&_csp_=bfaa0426ac4b641531f10226ccc9a886&itemGO=oecd&itemContentType=#figure-d1e313

Airfreight has turned a corner

We continue to see a steady increase in return of commercial flights around the world and combined with the worst pressure of PPE (Personal Protective Equipment) volumes having subsided, it seems clear that we on airfreight have turned a corner.

Asia to EU rates have been on a significant decline during last week, and same is evident for China to US. Zooming in on a few major lanes Shanghai to Europe average price fell by 18.7% compared to previous week and from Hong Kong to Europe average rates decreased by 23.7% compared to previous week.

Europe outbound capacity situation remains stable and rate development follows this stable pattern being close to 2019 levels.

Blank sailings remains the hot topic on ocean freight

We experience that the worst panic on especially the Asia-Europe trade has passed. Despite a significant number of blanked sailings across all carrier alliances space is now available for volumes, but still with schedule delays as a result of the changed sailing schedules. The same goes for lanes from Europe to Asia and from China to US where the worst period has passed, but still with a some degree of pressure on the capacity side.

Carriers continues to exercise a strict pricing discipline on all trades being very cautious to fuel a potential price war. Asia-Europe rates remain stable a little higher than 2019 levels. For Europe-Asia we still experience rate levels that are significantly above 2019 levels and expect this to continue until start of Q3.

Further blank sailings have been announced by carriers in an attempt to balance supply and demand, however not to the extent seen in April and May where carriers ended up in a situation where too much capacity was removed.

Rail freight continue to lead the way

As in previous weeks rail freight is the safe choice from a capacity perspective and flows are moving without disruptions.

Road freight

We remain fully operational although in Italy, Spain, Portugal and France with local restrictions at borders causing delays. Overall, these have though become less significant following the general trend of reopening all around Europe.

Read more information on truck border times [here](#).

All information in this advisory is offered to the best of our knowledge and is prone to change. If you have any specific questions, please reach out to us.

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	●	●	●	●	●	●	●	●	●	●	●	●
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	●	●	●	●	●	●	●
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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
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 / 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/disruptions	●	●	●	●	●	●	●	●	●	●	●	●	●
	Red - major challenges													
Borders	Green - all borders are open for goods													
	Yellow - borders open but with restriction or 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													