



Customer Advisory: Novel Coronavirus – Update #18

Dear Valued Customer,

The wheels keep turning while we continue to get accustomed to COVID-19 impacting our societies and conventional way of living and working. Summing up the general situation, reopening of societies in Europe continues, in South-East Asia most countries continue with a high level of restrictions and lastly US, South America and Africa remain heavily impacted.

Some significant changes are apparent on the transportation side with rail freight experiencing significant delays at the China and Kazakhstan border impacting both West and Eastbound volumes marking the first blip on the radar for rail freight which during COVID-19 has been the consistent choice.

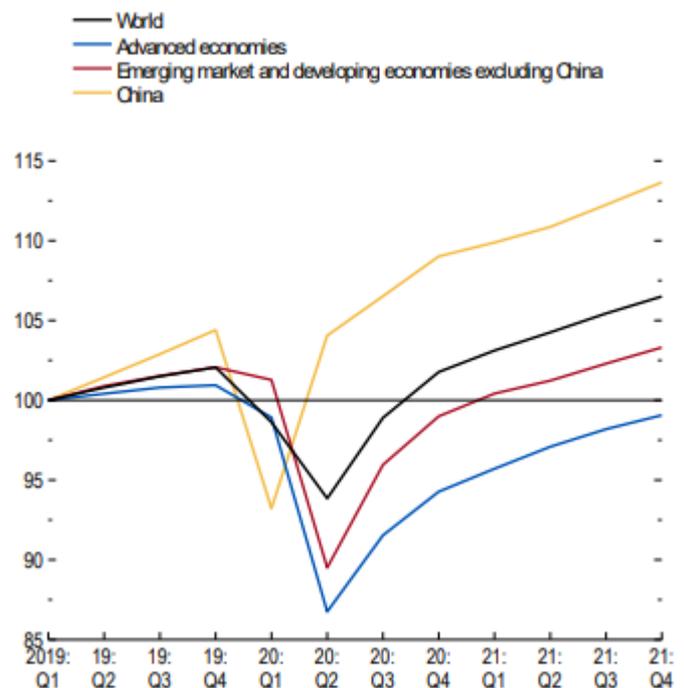
Significant changes within airfreight is also apparent, impacting both rate development and capacity, while ocean freight to a large degree remains status quo.

Forecast for global economy from International Monetary Fund

Despite the pandemic being far from over the International Monetary Fund (IMF) has changed the growth forecast for 2020, and are now predicting a sluggish turnaround in 2021 with earlier assumptions being that a faster rebound was expected. The forecast naturally has a high degree of uncertainty with a high dependency on factors related to length of current pandemic, a potential second wave in Q4 2020 and not least to which degree governments around the world are able to stimulate the economies.

In the latest June report IMF project a -4,9 % global growth in 2020, which is 1,9 % below April forecast hence overall a more pessimistic outlook primarily rooted in lower expectation on consumer spending.

As illustrated in this graph it is though clear that Q2 2020 overall marks the bottom of the crisis with recovery kicking in as from Q3 and onwards.



For 2021 growth is projected to strengthen to 5,4 %, which is 0,4 % lower than the April forecast, however still at a level where the lost growth in 2020 is recovered fully in 2021. Read the full report [here](#).

Airfreight continues to return to a “new normal”

The Europe airfreight markets are seeing continued improvements, with airlines across starting to operate more and more passenger flights. Notably, Scandinavian Airlines are now operating flights to US again as one example.

Despite the slow, but steady increase in capacity we are still far from previous year’s level with the overall number being down around 65 % globally compared to 2019.

On the power trade from Asia to Europe rate level continue to decline as a result of the increase in capacity as well as the massive surge of PPE (Personal Protective Equipment) volume is slowing down. This decline is also driven by the fact that more and more PPE volume is moved by rail and ocean freight.

This trend has also seen some airlines pull back on utilizing passenger planes as full freighters due to cost recovery not being possible with current price levels.

Rate levels though remain significantly higher than in 2019 as we speak, however the overall conclusion being that we are steadily returning to a “new normal” market environment from a capacity perspective and rate levels expected to follow this trend over next months.

Local wave 2 outbreaks of COVID-19 as seen amongst other in China can impact pricing and capacity situation for shorter periods in specific locations, however this not expected to fundamentally the current trends.

Ocean freight remains stable amidst blankings

An intensified capacity reduction basis blank sailings continues with a very tight space and equipment availability from Europe to Asia albeit still not to the extent which was seen in April and May. We overall expect the Eastbound trade from Europe to Asia to normalize during Q3.

On the Westbound trade from Asia to Europe capacity situation remains stable, however as we enter the normal summer peak season some pressure is to be expected. Rate levels are stable and zooming in on year trend basis World Container Index 2020 rate levels are approx. 16 % higher than in 2019 as a result of the strict pricing and space discipline enforced by carriers.

On the Transpacific trade between Asia-US there is an upwards trend on the rate side due to limited capacity, triggering a number of carriers to introduce Peak Season Surcharge (PSS) as well.

Rail freight hit by delays

Rail traffic on the New Silk Road is facing heavy congestion at the Alashankou-Khorgos border with this being the main border crossing between China and Kazakhstan. Trains from China to Central Asia have been halted until the end of June, while Europe-bound trains should expect significant delays. A high number of trains and limited capacity at the terminal have been cited as the reason of the congestion.

Last Monday, all rail freight traffic to Central Asia was stopped until the end of the month in an attempt to free up capacity at the congested border point. Departure dates for July will be announced soon by the General Administration of Railways in China.

Rail freight traffic to Europe will be permitted to pass, however, with restrictions in place. For example, China-Europe trains via Chongqing was suspended from 24th to 26th June according to China Railways. Overall delays are to be expected as a result of the massive congestion.

Adding to this the China-Mongolia border crossing at Erenhot is now also facing congestion due to flooding of the rail tracks at eight different points on a 53 km long stretch between Choir and Ulaanbaatar.

With this in mind, we have implemented daily check-up on shipments moving via rail freight and relevant information will be shared once available.

Road freight business as usual

In general, the situation for road freight in Europe is back to normal, with a few exceptions where ferries might be delayed due to reduced schedules, or only are starting service again from July. Otherwise we are operating as normal albeit volumes still on a lower level than pre COVID-19.

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 | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| 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 Delhi | 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 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

| | 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 | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | 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 | | | | | | | | | | | | | |