



Date 23 June 2020

Subject COVID-19 Customer Advisory – Issue 18

Dear Customer,

The COVID-19 crisis presented a challenge that the world has not faced before. Without a doubt, the situation continues to test the resilience of the global logistics industry and your supply chains. Since the beginning of the crisis, our Freight Forwarding experts have worked around the clock to help customers navigate the challenging situation and assist by providing the most reliable range of logistics solutions and services, incl. sufficient capacities, to mitigate disruptions.

Providing timely updates and keeping customers informed about all relevant developments was and remains one of the key priorities for DHL Global Forwarding; therefore, we have established this weekly customer advisory format. As the situation moves into a 'new normal', we will be switching from providing weekly updates to an ad-hoc and needs basis. To conclude our weekly COVID-19 advisory format, we have summarized the current situation in Air and Ocean Freight and outlined some advice that would help prepare for the future.

Air Freight

Since the outbreak of the COVID-19 crisis, DHL Global Forwarding has been working closely with its carriers and other partners to identify reliable options to transport shipments despite considerably reduced international and domestic air freight capacity. DHL Global Forwarding has established and continuously develops dedicated and client-specific charter programs for multiple tradelanes. We are pleased to share an updated overview of the dedicated charter capacity for this week and will continue providing these updates in the next months on a regular basis.

Looking ahead, the market continues to stay volatile with capacity shortages across all regions:

- Global demand for Personal Protective Equipment (PPE) starts to ease; this leads to a decline in passenger-cargo flights and a general market decline
- Despite decreasing demand for airfreight, available capacity continued to decline at a much faster pace than demand for three consecutive months. Overall, global capacity is more than 25% lower year on year and is expected to be further impacted in the coming weeks and months by maintenance requirements of the worldwide freighter fleet.
- This will lead to a lasting capacity shortage, also driven by the unpredictable pickup in passenger demand and return of international and intercontinental passenger flights and associated belly capacity.
- Mid-term inventory levels and consumer behavior will strongly impact the demand development in the second half of 2020.



Continuous dialogue and engagement between DHL Global Forwarding and customers are essential to enable reliable access to capacity in the coming months.

Ocean Freight

COVID-19 has turned the Ocean Freight market upside down, resulting in a highly and historically unbalanced supply & demand:

- Carriers have reacted to the crisis very quickly by removing capacity, in some weeks up to 40%.
- Cutting capacity below current market demand has created a negative imbalance as high as 10%.
- Blank sailings are in place on all trades, making available space tight and rates are high on all trades, except TAWB. Widespread uncertainty among carriers and shippers as to forecasted import volumes are prohibiting liners from bringing capacity back.
- These tight capacity conditions are expected to remain at least through the end of July
- None of the cancelled service loops for the FEWB is returning in Q3.

The current environment for Ocean Freight is worse than the global financial crisis recovery, Hanjin bankruptcy in 2016, and CN-US trade war dynamics of 2018.

Working together would help us navigate the exceptional circumstances in the best possible way:

- Forecasting: accurate forecasting will help us to manage and protect the space you need
- Cost flexibility: having the flexibility to accept premium surcharges under the current environment will enable your freight to be treated as a priority
- Routing & transit time flexibility: having the ability to accept different routings with increased transit time might help you to secure the space needed
- Information/updates: capitalize on DHL expertise and be informed about the latest market developments; our subject matter experts are available to explain the market conditions in detail and work out solutions and alternatives that help avoid delays at origin or destination

At DHL Global Forwarding, we continuously enhance the set of solutions and services that address our customer needs during the COVID-19 pandemic incl. access to alternative transport modes, Business Continuity solutions, and more. Please refer to '[Ready for Recovery with DHL](#)' presentation for additional details.

Please rest assured that we continue to monitor the situation around the COVID-19 crisis closely and will provide ad-hoc updates as necessary. Should you need further information, have any concerns or queries, please feel free to contact your account manager or customer service representative.

Kind regards,
DHL Global Forwarding