



Date 03 March 2020

Subject COVID-19 Customer Advisory – Issue 6

Dear Customer,

Referring to the letter issued on 24 February 2020, we would like to give you further update on the impact of the COVID-19/Coronavirus outbreak on DHL Global Forwarding's (DGF's) operations in China, Italy and South Korea as well as the impact on Air, Ocean and Rail Freight transportation. The situation as of today, 03 March 2020, is as follows:

### **China**

- All DGF offices, except Wuhan, have now re-opened. Please refer to the appendix 1 'DGF Offices Re-open Dates' for details
- DHL's pick-up, delivery and warehousing services in Hubei province continue to be suspended. We will resume our service in Hubei province, subject to local authority emergency controls.

### **Italy**

- The number of confirmed COVID-19 cases has surged in Italy over the last weeks, and the Italian government has announced several city closures in Northern Italy. The following cities are impacted: Codogno, Castiglione d'Adda, Casalpusterlengo, Fombio, Maleo, Somaglia, Bertonico, Terranova dei Passerini, Castelgerundo, San Fiorano, Vo' Euganeo.
- In line with measures taken by local governmental authorities and to safeguard our employees, suppliers and third parties' health and safety DHL Global Forwarding Italy is putting in place a number of preventive measures. As a result, pick-up and delivery services to/from the abovementioned areas have been suspended until further notice.
- Many airlines have reviewed their operational schedule to/from Italy with many flight cancellations impacting space availability
- In line with security measures announced by the Italian Ministry of Health and other governmental authorities, DHL Global Forwarding Italy has activated a contingency plan including the set-up of a dedicated internal task force. The task force will closely monitor the situation, coordinate with relevant governmental authorities and other partners, provide the necessary information and ensure that all activities comply with mandated safety measures for our employees, suppliers and other stakeholders.

### **South Korea**

- Against the backdrop of the COVID-19 outbreak in South Korea, the Korean government maintains COVID-19 alert on the highest level of 'Red' to strengthen the overall response system



- DGF South Korea undertakes significant preventive and proactive measures to ensure we best safeguard our employees' health and safety and continue to manage our day-to-day operations with little or no impact on our customers' shipments
- To that extent, DGF Korea has nominated Business Continuity Management (BCM) coordinator to closely monitor the situation, prepare & implement appropriate contingency actions and inform our customers as needed
- International air freight capacity remains a challenge (see Air Freight update section), however domestic operations in South Korea are unaffected as of today
- At the moment, there are no Void Sailing or Embargo announcements to/from South Korea from ocean freight carriers. However, delays of 2-3 days are to be expected in/out of ports, container yards (CY), container freight stations (CFS). Reefer exports are expected to be limited due to insufficient plug availability in terminals (see Ocean Freight update section for more details)
- DGF offices in South Korea remain fully operational. To ensure the well-being of our employees, OHS (Operational Health & Safety) Leads in DGF offices and stations are taking preventive measures such as temperature taking and running isolation rooms. Employees are requested to minimize face-to-face meetings and work from home if necessary
- In the unlikely event of border closures, port and airport closures and/or any other restrictions on the movement of goods, DGF will initiate business continuity plans utilizing its multi-gateway sites to support.

Below we would like to provide you with updates on the situation as to how it impacts DHL Global Forwarding's Air, Ocean and Rail Freight operations and might be affecting your shipments:

### **Air Freight**

DGF continues to work closely with its carriers and other partners to identify reliable options to transport shipments to and from China using alternative solutions such as charter flights. We are pleased to share an updated overview of the dedicated roundtrip charter capacity for Europe-China-Europe and US-China-US lanes. Please reach out to your account manager or customer service representative to discuss the possibilities of delivering cargo to/from China using charter flights.

### **Ocean Freight**

As the COVID-19 outbreak spreads beyond China, port operations remain normal globally, including South Korea and Italy. Also, in China, except for Wuhan's barge service, port operations remain normal.

Carriers have announced numerous blank sailings in the past weeks, and new cancellations are being made by the carriers without the usual notice periods. This creates equipment imbalances that are now impacting the equipment capacity globally. The situation with reefer capacity is especially complicated:

- All carriers are reporting reefer plug shortages in Shanghai, Tianjin and Ningbo



- The situation is expected to deteriorate further once factories in China resume their production, and high demand for space and equipment will cause a further increase in capacity shortages. As a ripple effect, the blank voyages from China will cause reefer equipment shortages in other geographical regions, as the evacuation of empty equipment will take time
- Full reefer containers would need to be unloaded first before they could be returned to demand areas, which will take another 3-6 weeks, depending on the geography. As a result, freight rates are expected to spike. The prolonged container turnaround due to the backlog at Chinese ports will also impact equipment availability in the other regions
- It is expected that charges for extended free time usage at ports will be introduced as well as reefer plug charges (electrical power charge) as many containers kept under electrical power to maintain the temperature at ports. Many ports are facing issues as reefer plugs are used up to 100% capacity while reefer containers are on their way to Asian ports, which may already have reached full utilization of reefer plugs
- Some carriers have taken idling vessels on-hire to extend the reefer plug capability in Shanghai, using these vessels as additional storage. This extra storage on anchoring vessels can only provide additional space/plug capacity for a couple of weeks
- Some carriers have also stopped accepting reefer containers from certain load ports with destination China
- At this point, no forecasts can be made about when the situation will improve. Return of typical post-Lunar New Year cargo flows is not foreseen until March/April.

As communicated in the Customer advisory #5 (on 24 February 2020), DGF has declared Force Majeure for the Europe-Asia trade lanes with immediate effect as the situation is unforeseeable and beyond our reasonable control. We will continuously review this position and will communicate any updates, including a potential widening of the Force Majeure scope as deemed appropriate.

Caused by severe equipment imbalances and a significant number of blank sailings, an Emergency Cost Recovery Surcharge for all container types and a congestion surcharge for reefer equipment is implemented as of 1 March 2020 (Bill of Lading date). Please reach out to your account manager or customer service representative for more details.

DGF remains fully committed to mitigating the impact of the challenging situation caused by COVID-19 and works with our customers to ensure that their interests are safeguarded to the highest degree. Please reach out to your account manager or customer service representative to discuss the possibilities of delivering cargo to/from China.

### **Rail Freight**

All DGF Rail services, including FCL and LCL service (via Chengdu) from China to Europe (Westbound) and Europe to China (Eastbound) continue normal operations.

Trucking capacity for Rail Freight is available as follows:

- Less-than-Truckload (LTL) services from below China Origins to Chengdu (CTU) are partially resumed:
  - South: Shenzhen, Dongguan, Guangzhou, Zhongshan, Xiamen



- North: Dalian, Jinan, Qingdao, Tianjin
- East/Shanghai: Shanghai, Suzhou, Wuxi, Nantong, Hangzhou, Taizhou, Wuhu
- Service to Xian (SIA) is still not available
- Full-Truckload (FTL): services in China resumed normal operations while FTL service to Xian is still not available
- Full-Container-Load (FCL): 60% trucking resources are resumed; booking of more than 2 trucks per lane per day needs to be confirmed in advance

Furthermore, our teams are glad to discuss multimodal transport solutions for Europe-Asia tradelanes (both east- and westbound). Please reach out to your account manager or customer service representative to discuss the possibilities of delivering cargo to/from China using Rail or Multimodal solutions.

So far, there are no reports of DGF staff across the world becoming infected with COVID-19.

DHL Global Forwarding is carefully monitoring the fluid situation around the Coronavirus and will be providing further updates in this regard when available.

Please rest assured that we will keep you updated on any changes to the current situation. Should you need further information, have any concerns or queries, please feel free to contact your account manager or customer service representative.

Thank you for your understanding.

Kind regards,  
DHL Global Forwarding



## Appendix 1 – DGF Offices Re-open Dates

Updated on 2 March 2020 – 3:30 pm HKT

District	Office	City	DGF office Premise Entry Date Approved by Local Authorities
Shanghai District	SHA	Shanghai	10-Feb-2020
South District	SZX	Shenzhen	17-Feb-2020
	YTN	Yantian	14-Feb-2020
	CAN	Guangzhou	10-Feb-2020
	DGG	Dongguan	17-Feb-2020
	ZSN	Zhongshan	21-Feb-2020
	SWA	Shantou	10-Feb-2020
	HAK	Haikou	10-Feb-2020
Central West District	CTU	Chengdu	10-Feb-2020
	CKG	Chongqing	2-Mar-2020
	SIA	Xi'an	2-Mar-2020
	CGO	Zhengzhou	25-Feb-2020
	LYA	Luoyang	10-Feb-2020
	MIG	Mianyang	10-Feb-2020
East District	HFE	Hefei	24-Feb-2020
	HGH	Hangzhou	12-Feb-2020
	NKG	Nanjing	17-Feb-2020
	NGB	Ningbo	17-Feb-2020
	SZV	Suzhou	11-Feb-2020
	WUX	Wuxi	19-Feb-2020
	LYG	Lianyungang	21-Feb-2020
	XUZ	Xuzhou	20-Feb-2020
South East District	CSX	Changsha	10-Feb-2020
	FOC	Fuzhou	10-Feb-2020
	KHN	Nanchang	18-Feb-2020
	KMG	Kunming	10-Feb-2020
	NNG	Nanning	17-Feb-2020
	WUH	Wuhan	TBD
	KWE	Guiyang	26-Feb-2020
	XMN	Xiamen	10-Feb-2020
North District	BJS	Beijing	10-Feb-2020
	CGQ	Changchun	10-Feb-2020
	DLC	Dalian	10-Feb-2020
	SHE	Shenyang	10-Feb-2020
	TAO	Qingdao	10-Feb-2020
	TNA	Jinan	10-Feb-2020
	TSN	Tianjin	2-Mar-2020
	YNT	Yantai	10-Feb-2020