DHL Global Forwarding

Date January 25, 2024

Subject **Customer Advisory: Red Sea Situation & Impact on Global Shipping, ECRS Updates**

Dear Customer,

We want to share a latest update on recent developments in the Red Sea and the global shipping industry and the potential impacts on your supply chain.

What is the latest status?
All major container shipping lines still divert ships from the Red Sea route to avoid risks for their crews and your cargo. The alternative route around the Cape of Good Hope increases the sea voyage duration and costs due to higher bunker consumption, additional port and terminal fees, and higher labor costs. Shipping lines are implementing surcharges, including for cargo already at sea.

We see more and more ripple effects to other trades due to necessary capacity movements for the longer route around Cape of Good Hope.

What is the impact for you?
Shipping costs are rising in major trade lanes in the short to mid term. We have opted to implement an Emergency Cost Recovery Surcharge (ECRS) with immediate effect due to the speed of the rate increases. As a background, carriers have sent the market more than +50 surcharges across +100 trades. Our approach is to sum it all up into one surcharge which is the ECRS, providing a simple and easy to understand pricing mechanism for our customers.

Access the latest news and the ECRS on our website!
Stay always up to date by checking our news page Red Sea Situation & Impact on Global Shipping, where we provide you with the latest updates as soon as they become available.
As the situation is dynamic, we update the surcharge level regularly and publish it separately here. We have now released the ECRS levels for all affected trades for February 01-15, 2024. You can also find the ECRS valid for the current time period on the same page.

What can you expect going forward?
We see 40% to 50% of departures from Asia to Europe are missing in calendar week 6 and 7, as vessels which have been diverted end of December are not coming back to Asia in time. The extended transit times are also affecting the return supply of equipment to Asia. The delays in equipment arrivals will lead to supply issues in the upcoming weeks and equipment shortage will be seen again. We also expect to see port congestions and hinterland bottle necks until new schedules have been updated.

What is DHL doing to help you?
We closely monitor market developments, track your shipments, and supply the most accurate data via mydhli.com. Further, we continue to try to secure space, empty containers, and uplift for you via our multi-carrier program.

We also offer some alternative transport solutions between Asia and Europe: **DHL Multimodal Ocean Express**, **DHL China Rail,** **and China Road** are fast and reliable alternatives for your urgent FCL & LCL cargo. And we can offer you alternative **Air Freight solutions or SeAir** via our Ahlan Dubai Hub with solutions to Europe or any other destinations as needed.

For specific inquiries or concerns related to your shipments, please reach out to your dedicated DHL

Global Forwarding representative. We appreciate your continued partnership and trust in DHL as your logistics provider.

Kind regards
DHL Global Forwarding