



Date 17 February 2020

Subject Customer Advisory – Issue 4

Dear Valued Customers,

Referring to the letter issued on 10 February 2020, we would like to give you further update on the outbreak of Novel Coronavirus (Covid-19) in the Hubei province and the impact to DHL Global Forwarding's (DGF's) operations in China. The situation as of today, 17 February 2020 is as follows:

- Some DGF offices are now gradually re-open while some offices are not re-open yet, pending for the approval by the local authorities. For details, please refer to the enclosed appendix 1 "DGF Offices Re-open Date".
- Against the backdrop of the Covid-19 outbreak in China, the local government in Hubei province has implemented a series of strict controls to prevent the spread of the disease. These include cancelling commercial flights to and from the city of Wuhan, as well as closing all highways and roads into Wuhan. As a result, DHL's pick-up, delivery and warehousing services in Hubei province are currently suspended. We will resume our service in Hubei province subject to local authority emergency controls. In response to the Covid-19 outbreak, additional controls and movement restrictions have been imposed by authorities in other provinces and cities as well. These may be expanded in the coming days.
- As a globally operating company, epidemic and pandemic risk scenarios are an integral part of the Group's continuous risk planning. Accordingly, DPDHL business operations are continually adapted to mitigate potential impacts. The Group's task force closely monitors the situation, coordinates with international organizations (such as the WHO) and provides the necessary information to all employees and relevant operations. The safety of our employees is paramount and we have contingency measures in place to mitigate any potential impact.
- For air freight, the large number of cancellations of both passenger and freighter flights combined with factory and logistics operations restarting in the coming weeks are expected to cause an air freight capacity shortage that could last until April. In total, more than 25,000 flights have been canceled per week so far, reducing air freight capacity by approximately 50%. The situation is very fluid with new announcements being made without any prior notice by carriers for flight cancellations or government authorities imposing new restrictions on movement within cities.

The situations described above are unforeseeable and outside the reasonable control of DGF and in the nature of 'force majeure', thereby creating impediments to DGF in providing its services to its customers. In practical terms this means:



- Because of the force majeure situation, DGF is not in a position to honor agreed contractual rates and transit times to and from China.
- Effective immediately, the rates and transit times for all shipments accepted for transportation to and/or from China need to be agreed on before shipment execution with either the shipper or the consignee. For shipments to be executed, the rates and surcharges need to be accepted unconditionally by the shipper or the consignee.
- Furthermore, contractual storage fees in China apply for all shipments up to 12 February 2020; after 12 February 2020 a fee of EUR 0.08 per kg per day (or CNY0.60 per kg per day) would be applied.

DGF is working closely with its carriers and other partners to identify transport shipments to and from China using alternative solutions such as charter flights, we secured dedicated roundtrip charter capacity for Europe-China-Europe and US-China-US. For charter flight schedule, please refer to the enclosed appendix 2 “DGF Charter Program”. You may also reach out to your account manager or customer service representative to discuss the possibilities of delivering cargo to/from China using charter flights.

- For ocean freight, shipping lines have announced extensive blank sailing programs for their vessels until the end of February. About 82 trans-Pacific sailings have been canceled into March, taking out around 198,500 TEU off the market, while carriers have blanked around 54 sailings in total for trade between Asia and Europe, accordingly to Sea-Intelligence Maritime Consulting. DGF’s space allocations with carriers are being impacted.

With the extended Lunar New Year holidays and concerns regarding the spread of the Covid-19, terminal operations and pick-up of inbound containers in China have been slow. Consequently, most reefer plugs at the yards of all container terminals in Shanghai, Ningbo and Tianjin (Xingang) are already being occupied. Carriers have to divert reefer cargo to other ports. To cover the additional costs, some of carriers have imposed the Port Congestion Surcharge (PCS) for reefer containers imported into Shanghai, Ningbo and Tianjin (Xingang) with effect immediately. For shipments that have been or will be rerouted, PCS will be calculated at the time of the reloading as soon as space is available on these terminals. If shipments are affected, we will inform our customers accordingly. Please understand that while we are trying our best to safeguard your cargo, all related costs will be billed to the consignee.

To support urgent shipments for our customers particularly cargo to US, we will extend our MMEX (Miami Multimodal Express) service – a regular weekly consolidation service export from SHA to LAX. This option is to serve China-US lane (Express FCL or Express LTL/FTL). For details, please reach out to your account manager.

With strict control for trucking across provinces & self-quarantine request to people return from their home town to the working place, there is severe shortage of truck drivers which leads to very limited trucking resource. The situation in Shanghai, Jiangsu, Zhejiang and Anhui area is more



challenging. To manage this challenge, we now offer the barge solutions to Shanghai Waigaoqiao and Yangshan for customers in some cities of Anhui, Jiangsu and Zhejiang Province, with the transit time of 5 – 8 days. Please contact your account manager if you wish to use this option.

- Trucking availability has been reduced to 40% within the Shanghai city area, while capacity is been down to 10 percent from Shanghai to other cities as drivers reject trips to inland provinces to maximize the number of runs per day. No driver from outside Tianjin were reportedly allowed to enter the city, while only 10 percent of the local drivers were able to offer services. These developments have led to delays and a sharp increase in trucking prices. If shipments are affected, we will work closely with our customers to determine the best course of action in their specific case.
- There is so far no reports of DGF staff in China and Hong Kong becoming infected with Covid-19. The company has undertaken significant preventive and proactive measures during the period to ensure we best safeguard our employees' health and safety and continue to manage our day-to-day operations with little or no impact to our customers' shipments.

Please rest assured that we will keep you updated of any changes to the current situation. Should you need further information, any concerns and/or queries, please feel free to contact your account managers or customer service representatives.

Thank you for your understanding.

Yours faithfully

DHL Global Forwarding (China) Co Ltd



## Appendix 1 – DGF Offices Re-open Date

Update on 17 February 2020 – 1:30pm

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
	ZIS	Zhongshan	TBD, under application
	SWA	Shantou	10-Feb-2020
	HAK	Haikou	10-Feb-2020
	Central West District	CTU	Chengdu
CKG		Chongqing	TBD, under application
SIA		Xi'an	TBD
CGO		Zhengzhou	TBD
LYA		Luoyang	10-Feb-2020
MIG		Mianyang	10-Feb-2020
East District	HFE	Hefei	TBD, under application
	HGH	Hangzhou	12-Feb-2020
	NKG	Nanjing	17-Feb-2020
	NGB	Ningbo	17-Feb-2020
	SZV	Suzhou	11-Feb-2020
	WUX	Wuxi	TBD, under application
	LYG	Lianyungang	TBD, under application
	XUZ	Xuzhou	TBD, under application
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	TBD, under application
	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	TBD
	YNT	Yantai	10-Feb-2020



## Appendix 2 – DGF Charter Program

Update on 17 February 2020



### CHARTER SCHEDULE

#### China – Europe

Origin	Destination	Date	Operator	Aircraft Type	Duration	Payload
CGO	HHN	17-Feb	7L	B747F	13 Feb – TBC*	100 Tons
PVG	FRA	20-Feb	RU	B747F	20 Feb	135 Tons
CGO	HHN	22-Feb	7L	B747F	13 Feb – TBC*	100 Tons
PVG	HHN	24-Feb	7L	B747F	24 Feb	100 Tons

#### Europe – China

Origin	Destination	Date	Operator	Aircraft Type	Duration	Payload
HHN	CGO	17-Feb	7L	B747F	13 Feb – TBC*	100 Tons
FRA	PVG	20-Feb	RU	B747F	20 Feb	100 Tons
HHN	CGO	22-Feb	7L	B747F	13 Feb – TBC*	100 Tons
HHN	PVG	24-Feb	7L	B747F	24 Feb	100 Tons

\* EU Charter plan TBC after week 9

#### China – US

Origin	Destination	Frequency	Operator	Aircraft Type	Duration	Payload
PVG	ORD	3 flights weekly	5Y	B747F	18 Feb – 16 Mar	75 Tons

#### US – China

Origin	Destination	Frequency	Operator	Aircraft Type	Duration	Payload
ORD	PVG	3 flights weekly	5Y	B747F	18 Feb – 16 Mar	75 Tons