



May 5, 2020

Customer Advisory COVID-19: Global Update

Dear Customers,

Please find enclosed the most recent edition of the COVID-19 global customer advisory update, targeted to give you up to date guidance and orientation during these critical times. This Customer Update will be issued every Wednesday and includes a full round-up of all business areas covering all geographies.

We continuously update the 24/7 newsfeed on our website. There you will find links and downloads supporting the topics of this document.

Please visit: [24/7 News Update](#)

Your account team is continuously updated on the evolving situation and our corresponding solutions. Please continue to be engaged with your Account Managers on your latest plans, prices, and projections. They will invest the utmost effort to support your business.

Global Market Updates: (Most recent updates in bold)

1. Air Freight

Global

(May 5, 2020) - There are no significant updates in status from the previous advisory.

(Apr 28, 2020) - The global airfreight remains very volatile with changing demands in countries based on the COVID19 situation and local restrictions. However, all countries have one global demand in common and this is the demand for protective personal equipment (PPE) to ensure medical equipment is supplied and protective measures can be supported during the COVID19 crisis. This demand has led to a strong increase of airfreight exports from China and increasing rates week by week.

Passenger cargo flights are used to support the additional demand enabling a fast solution to deliver urgently required goods across the globe.

At DB Schenker, we have setup a dedicated solution for our customers in cooperation with our partner Icelandair for at least 45 scheduled flights until the end of May between Shanghai, China to Munich, Germany and Chicago, USA. The B767 was converted on the upper deck to fit as much cargo as possible taking out all the seats to cover the critical demand of medical supply. In case you need support on transport solutions for PPE material, please reach out to your Account Manager or local DB Schenker team. We are ready to support you through our dedicated teams and airfreight solutions!

In addition, our console charter flight schedule remains in place to support your demand and critical shipments ensuring we provide you with alternative solutions:

Our console charter flight schedule now includes the following flight operations:

- Europe - China - Europe: 3 flights per week (B747-400F)
- Hongkong - Europe: 2 flights per week (B747-400F)
- China - USA: 3 flights per week (B747-400F)
- Europe - USA - Europe: 3 flights per week (MD11F and B747-400F)
- USA - Australia: 1 flight per week (B777F)
- Europe - India - Europe: 1 flight per week (B747-400F)

Europe

(May 5, 2020) - There are no significant updates in status from the previous advisory.

(Apr 28, 2020) - All offices remain in full operation with access to terminal handling and ground transportation. All our European hubs deliver import and receive export freight with no backlogs recorded towards the weekend. Operationally, our linehauls to and from the hubs remain on time. In some areas, our cross-border trucks might experience some minor delays.

Airfreight export market volumes are slightly lower due to Easter, but import is still very stable on a high level. China imports go very strong at continuously all-time highs due to an ongoing strong demand in medical supplies, protective gears, and face masks which DB Schenker continues to support with utmost priority.

Asia Pacific

(May 05, 2020) - There are no significant updates in operational status from the previous advisory.

- More countries are easing up their restrictions allowing for restarting of certain industries, which will increase export demand for these countries.
- On India charters, plans are in place and timed for when the market opens. Schenker is now also able to support cross border trucking within India.
- Demand for ex China is continuing due to PPE and other general cargo. Backlog at all China airports, requiring at least 48 hours advance notice for tendering in of cargo.

- The transpacific trade from China is currently the most constrained trade lane. This is due to a high PPE demand from China to US. Additional passenger flights are supplying the urgently required capacity for medical equipment. Any availability for additional flights or capacity is highly limited within the next couple weeks.

(Apr 28, 2020) - Demand ex China continues to be high with general cargo and medical supplies. This is currently causing significant delays at origin due to congestions at the airport warehouse terminals. This is causing delays for all trade lanes and shipments from China. The airport with the most critical situation is currently Shanghai. Therefore, it is of outmost importance to receive cargo including the documentation at least five days before departure. It is our goal to ensure a smooth operational process and we therefore kindly request your support to plan the shipments accordingly with our local teams.

We have put additional charter programs (such as for Intra-Asia SG to IN and others) planned for May 2020 in place. Do get in touch with your Account Managers for further details.

US carriers have also been informed to prioritize cargo for the purpose of transportation of medical supplies in / out of the US. Medical devices including masks cannot be exported from the US.

Middle East/Africa

(May 5, 2020) - There are no significant updates in status from the previous advisory.

(Apr 28, 2020) - Belly capacity constraints remain as passenger services continue to be suspended in many other MEA countries. DB Schenker in the region can manage the current demand with available cargo capacity. Please note that airlines have withdrawn the contract rates until the situation resumes back to normal.

Overall, our airfreight operations in the countries remain uninterrupted as we continue to serve customers. In many countries, logistics and supply chains are considered business critical. Therefore, our services do not cease during lockdowns.

Situation	Country
No operational restrictions for air cargo business	Qatar, Kenya, Oman, South Africa, Bahrain, Saudi Arabia, UAE , Egypt
Restrictions for operational air cargo business	-

Americas

(May 5, 2020)

- **USA-China.**
 - **Capacity and demand remain favorable with heavy demand for inbound Freighter flights thereby providing ample capacity on the return leg. Rates very close to pre-COVID-19 levels. No exceptional highs. No backlogs outbound to China.**

- **USA to Asia (excluding China).**
 - Thailand, Singapore, and Japan continue with tight capacity with some backlogs. Market pricing high.
 - Korea, India, & Australia critical. Heavy demand remains and there are backlogs. We have added capacity ex ORD to manage the volumes. Market pricing remains high.
- **USA-Europe:**
 - Demand remains moderate with ample capacity to avoid backlogs. Pricing still above pre-COVID-19 levels.
 - We are making full use of our alternative capacity on the freighter flight operations 3 x week ex. ORD and ATL to FRA.
- **USA -Latin Am / Latin Am to Europe & Apac**
 - Freighter capacity demand is strong and tight to some destinations. Pricing trending higher.
 - Transit delays possible at airport/carrier terminal operations.
- **Airline Terminals Cargo handling –**
 - JFK airport Intl cargo terminals situation has improved, and now recommended again for routing: Exports & Imports.

2. Ocean Freight

Global

(May 5, 2020) - During April, 93 out 575 scheduled departures have been blanked. This equals 16%. From 457 sailings for May about 18% have been announced as void sailings. This month, the Transpacific Asia to Noram is the most affected trade with 45 blank sailings ie 55%, followed by Asia to Europe with 34% and Europe to Noram with 11%. The main routes Asia to Europe and Asia to North America have been seeing a total cancellation of 3.4 Mio TEU of carrying capacity due to COVID-19 since the outbreak in China until end of Q2/2020.

This number increases to 4.6 Mio TEU if blank sailings related to Chinese New Year are counted into this scenario as well.

It becomes clear that the effects of ramping up and ramping down will keep the supply chain busy for a couple of weeks before and after the capacity measures. In consequence access to capacity varies from week to week and is different trade by trade. This also impacts lead times, they are continuously changing.

Overall, we see a decline of 7 million TEU in 2020. Record low oil prices and increased fears about port congestion when post-pandemic China volume arrives in the EU over the next few weeks.

Inventory in the warehouses at destination is still high. We expect that receivers might not pick up boxes from the ports which would lead to congestion. We can support to avoid or to clear bottlenecks with prepull activities and arranging space in our facilities.

With all stakeholders in the supply chain, the unpredictability and constant changes of the last weeks have underlined the need to stay flexible and to be able to adapt any time. It is not a surprise that carriers announce that their booking acceptance will not go beyond 6 weeks due to possible future changes.

Please expect the situation on all trades subject to continuous changes.

With massive vessel withdrawal programs, the uncertain outlook on vessel utilizations, and partly huge impacts on port terminals due to congestion, we need to prepare for potentially longer transit times (due to slow steaming, port omissions or additional port inclusions as a result of service mergers), sudden / unexpected delays in uplift, increased bottlenecks of equipment availability (in particular in inland locations and for special equipment types), less frequent departures, and higher costs.

Our advice for ensured uplift as well as forced delay of cargo:

- **Since capacity is subject to ongoing changes, your forecast updates are crucial (6 to 8 weeks in advance are advisable, in particular, for special equipment including food grade and reefer).**
- **We are also happy to support your volume planning in regards to any lead time requirements as schedule reliability decreases.**
- **Please consider to accept de-tour for the cargo: SchenkerOcean alternate routing options to ease bottlenecks (e.g. ship North Asian cargo via SEA to OCE).**
- **We recommend the usage of two new core products:**
 - **Please consider to make use of SchenkerOcean Delay in Transit options in all trades as idling of boxes in the ports will become costly. We have local pre-pull options available and can make use of warehouse space (own or contracted). Please consider to make use of SchenkerOcean Priority Product which is available for all main trades.**

Europe

(May 5, 2020) - no major changes

On exports ex Europe to the East, carriers still report strong booking situations with only limited shortfalls. This situation will probably continue until mid-May. It is expected that the current PSS introduced by many carriers during Q1 will remain in place throughout May. Especially commodity volumes are still going strong (logs, chemicals). Equipment availability becomes a larger concern due to an upcoming 25-40% reduction of inbound flows plus expected longer usage of the equipment.

On trades to the West, the utilization is overall rather weak (to Noram as well as to Latam); it is not a surprise that carriers take action: a massive drop in tonnage this week, i.e. close to 40% less availability, week 20 shows a reduction by 14%, then another massive reduction in week 24 with 22% capacity reduction. Week on week changes will be positive for most of the

weeks (the month of May is up by 5%, June forecasts indicate a 3% increase) whereas the trade is showing fewer positive signals.

All European Ocean Freight Branches are fully functioning operationally.

Asia Pacific

(May 05, 2020) - There are no significant updates in operational status from the previous advisory.

(Apr 28, 2020) - Generally, in the trades ex APAC, we note a small rush before Golden Week (May1 to May 5, 2020) reflected in slightly higher liftings for week 18 vs week 17: on the TP to NORAM: high vessel utilization with 95-98% for both US West Coast and East Coast, tight space and roll-over scenario for the next 2 weeks on specific loops, capacity drops up to 40%. Carrier announcements for PSS or GRI on May 1 and May 15 are not expected to get pushed through. Similar picture with Europe: several carriers has announced GRI's for May, however we do not expect this to materialize. The May outlook continues to be bleak in terms of rates and volume. We expect more blank sailings to be announced for May to cope with the low demand and to maintain rates at current level. High utilization with roll-over on certain "popular" loops to continue in May. Asia to LATAM continues with capacity drops of up to 40% to improve utilizations and, in consequence, stabilize rates. Finally, APAC to MEA finds carriers try to keep vessel utilization high by reducing rates towards the end of April as well as through implementing a blank sailing program, i.e. to ME about 37% and to Africa about 33%

The strong trend into Oceania continues: Ships leave North Asia at 120% and 80% ex SEA - meaning space remains tight due to service downsizing to and from the Indian Subcontinent, space remains especially tight and consists of rolling in t/s ports for the next 2-4 weeks; huge arrival delays in India is ongoing. Vessels still running around 90% utilization for imports, 95% for exports. Ongoing issues with equipment availability reported by both origin and carriers. Challenge of reefer plugs availability persists as importers are not picking up cargo. Carriers have reacted immediately to this by introducing congestion surcharges. Carriers continue to reserve the right to discharge boxes in nearby trans- shipment ports until a smooth transportation and storage can be granted.

Ports in India are facing further congestion but as the government is relaxing transport regulations, there is the expectation for some easing of the situation in the coming days.

For all APAC countries, customers are encouraged to use seaway bills to avoid reliance on original bill of lading as courier companies may not deliver timely in the coming weeks and most companies, including DB Schenker, are operating with working from home based on health concerns and strict government regulations.

Middle East/Africa

(May 5, 2020) - no major changes

Blank sailings intra-MEA are in effect. The month of Ramadan started with reduced working hours across the region: expected reduced demand for the next 3 weeks.

(Apr 28, 2020) - Overall, ex Asia more blank sailings are expected for the 2nd half of May to manage low demand and to maintain rates at current level. In order to minimize the impact to our customers' supply chains and provide predictability, the Ocean Freight team in the region is equipped with a service plan and alternative routings. Please get in touch with your Account Manager for more information.

(Apr 28, 2020) - 100% vessel utilization ex MEA especially to EU and North America has led to increased rates, PSS application and equipment shortage in all ports: Especially Oman is concerned as well as 20' supply in UAE. Priority is given to perishables. All port operations are working fine.

Our Ocean Freight offices in the countries continue to serve customers as logistics and supply chains are considered business critical as per local government directives. Moreover, we are closely monitoring the situation as the Ramadan season begins.

(Apr 28, 2020) - As an alternative for airfreight and land transportation in GCC, DB Schenker is offering weekly less-than-container load (LCL) consoles from the port of Jebel Ali (AE JEA) to Abu Dhabi, Bahrain, Kuwait, Oman, Pakistan, Qatar, and Saudi Arabia.

Americas

(May 5, 2020) There are no significant updates in status from the previous advisory.

(Apr 28, 2020) - Ocean carriers are continuously largely implementing blank sailings. Current announced blank sailings will last to the month of June. Currently observing some equipment shortage at US origins.

(Apr 23, 2020) - Continued pressure in CL / AR / BR regarding a deficit of reefers and food grade containers; 100% vessel utilization due to dry fruit cargo rush until early May, however WCSA is slowing down while ECSA remains strong. We expect serious equipment shortages during mid-May as a result of the import blank sailings. Free-time extensions will be limited, trucking productivity could be affected by curfews. No restrictions observed to vessel operations across the region.

Carriers have started to omit COVID-19 shaken port city Guayaquil / Ecuador and calls Posorja instead.

3. Land Transport

Global

(May 05, 2020) - **There are no significant updates in status from the previous advisory.**

Europe Land is fully operational and available for business, managing constraints and challenges in several countries. Asia is a heterogeneous picture with China fully operational and available for business while other countries are facing challenges, however operating. Asia Landbridge (China to South East Asia) as well as Eurasia Landbridge (China - Europe Train) are fully operating despite congestion at the China and Vietnam border. India with lockdown also affecting cargo flows. Land operations in the Americas are now also showing constraints, but still working close to normal.

Europe

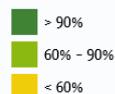
(May 5, 2020) -

DB Schenker Land Transport fully operational and daily supplying more than 5,000 supermarkets across Europe

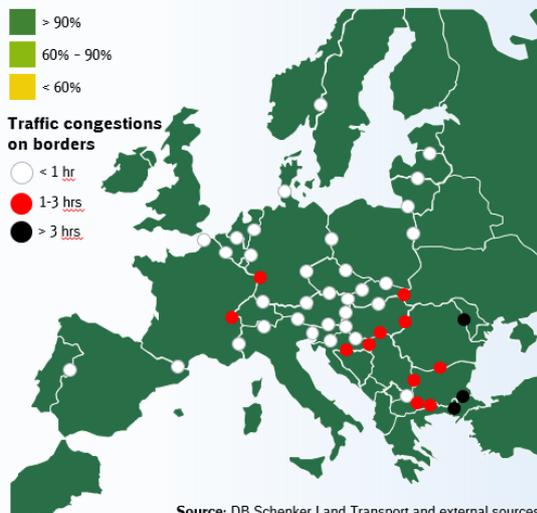
Level of operational capacity & traffic congestions

As of 05 May 2020, 11am

Operational capacity DB Schenker Land



Traffic congestions on borders



Source: DB Schenker Land Transport and external sources

Disclaimer: The shown waiting times through traffic congestions are based on internal and external sourced information and are only estimates. DB Schenker does not warrant and is not liable for the completeness and accuracy of the waiting times. Please note that information on waiting times are not equally available for all borders and there can be time lags between information available and the actual situation on the borders.

Fully operational in 38 countries and 430 own branches

- DB Schenker delivers every day to more than 5,000 supermarkets & grocery stores across Europe, to keep supply chains running - especially in those turbulent & difficult times
- Secure your supply chain – DB Schenker Full Load Solutions – eco-friendly, committed capacities and fully reliable

Traffic congestions on several European Borders due to border controls potentially causing delays

- Still effective at all main borders of Italy, Austria, Denmark, Poland, Norway, Germany (only selective borders), Spain, Slovenia, Czech Rep., Croatia, Hungary, Slovakia, Romania, Macedonia, Bosnia Herzegovina, Serbia
- Increasing border restrictions leading to potential cargo blockage on following borders: Hungary, Slovenia, Croatia, Serbia, Romania, Greece, Turkey

DB Schenker well prepared to react to potential disruptive scenarios

- COVID-19 contingency plan with 6 scenarios enables quick reaction time due to predefined actions & responsibilities
- Centralized task force monitoring situation constantly

#WeKeepEuropeMoving

Transportation of all goods by DB Schenker is not affected by travel restrictions for most of the countries. For any potential cases of disruptive conditions, we follow our pre-defined contingency plans to ensure flows of cargo as much as possible.

In case lead times and / or costs cannot be secured selectively, we kindly ask for your understanding. System Premium shipments are still accepted and will be handled with highest priority and fastest possible lead times. Nevertheless, under the given circumstances, we need to suspend the money back guarantee of our System

Premium product until further notice.

As some receivers closed their operations, we ask all shippers to check the delivery possibility with the consignee. DB Schenker reserves the right to send back shipments that cannot be delivered and charge the return accordingly or charge for storage in our warehouse.

Asia Pacific

(May 05, 2020) - There are no significant updates in operational status from the previous advisory.

Strong volume recovery in Vietnam, Malaysia, Thailand, Indonesia, Australia, New Zealand, with the easing of relevant restrictions in some of the countries.

(Apr 28, 2020) - The Vietnam authorities have announced plans to ease restrictions, while Singapore authorities have extended restrictions until June 1. We continue to monitor the respective situations and will advise accordingly.

New Zealand has lowered restriction levels from Level 4 to Level 3 in week 18. India authorities are adjusting restrictions in states via Red, Yellow and Green Zones to calibrate extent and enforcement of measures (please refer to our [India website](#) for detailed information via download). Hong Kong has announced an extension on restrictions for another 14 days.

Japan, Korea, Singapore, Australia, New Zealand Land Transport are still in operation at adequate levels, albeit with constraints and delays expected.

Thailand, Malaysia, Indonesia and the Philippines operate below pre-COVID-19 levels.

For India, land transport is functioning at 20 - 25 % capacity (across FTL, LTL and FCL). We expect transit time delays by 10 - 20% due to documentation and multiple blockades. DB Schenker India can arrange security escort services where needed to move your essential cargo, to reduce roadblock, and to facilitate the transit time. Contact your Account Managers for more details.

Middle East/Africa

(May 5, 2020) - There are no significant updates in status from the previous advisory.

(Apr 28, 2020) - For overland distribution, Saudi Arabia has restricted the entry of non-Saudi truck drivers into the country. Such a ruling is limited to general cargo and does not apply to the movement of essential goods or bounded products.

(Apr 28, 2020) - . In Egypt curfew remains in place, Trucks will not be allowed on the main highways during such hours (7 pm - 6 am daily). DB Schenker in Egypt has an appropriate business continuity plan in place to adhere to such restrictions. Please get in touch with your Account Manager for more information.

(Apr 28, 2020) - Complete lockdown in South Africa for 21 days with effect from March 27. Operations for food, medicine, and critical products will continue. DB Schenker in

South Africa is a certified logistics service provider under essential services and will be operating during the lockdown.

(Apr 28, 2020) - Land distribution to GCC and Levant countries (via Saudi Arabia) have been suspended for general cargo. The commodities exceptional to this rule are food items, medical items, military / relief / aid items.

Americas

(May 5, 2020) - There are no significant updates in status from the previous advisory.

(Apr 28, 2020) - Mexico: Cross-border still open and running.

Canada: Operations mostly running normally. No issues with capacity. We have segregated shifts to avoid overlap and are implementing social distancing.

USA: General reefer capacity issues. Flatbed capacity issues reported on boards. No van capacity issues. Capacity is available, however certain regions at premium.

Brazil: Working normally. Borders between Brazil and other countries have reduced the working hours and staff. The customs clearance process is seeing delays.

4. Contract Logistics

Global

(May 5, 2020) - There are no significant updates in status from the previous advisory. Together with our customers we continue preparations to reopen sites and to ramp up volumes following the easing of governmental restrictions and respective markets demand.

Hence, we appreciate the ongoing and close conversations with our customers to jointly anticipate any changes or requirements and act accordingly:

- **In case you are in need of temporary space, reach out to your DB Schenker Account Manager or local contact person!**
- **Please stay in touch and communicate with us frequently on forecast!**

On a global scale, all sites supporting essential needs remain fully operational. Protection of our staff and keeping our customers' businesses running continue to be our core focus.

Europe

(May 5, 2020) - There are no significant updates in status from the previous advisory.

(Apr 28, 2020) - All sites in our operations in Europe currently remain fully operational with precautionary measures in place for the health of workers.

Italy shows strong indications to constrict and shut down operations that are non-critical to the health of the citizens. Consumer operations around the region are operating at full speed in order to fulfill the distribution of food, sanitary, and healthcare-related products to Europe.

Southern Europe continues to show a stronger impact as Northern Europe deployed social distancing and work-from-home (WFH) initiatives in advance of the increase.

Automotive and industrial operations have restricted their activities across the region to minimal levels.

Asia Pacific

(May 05, 2020) - There are no significant updates in operational status from the previous advisory.

Japan government has announced the extension of the state of emergency till end of May. Our Japan operation levels remain status quo.

Indian government announced extension of Lockdown till May 17th. Assessment of new guidelines in progress. We continue to monitor the situation closely for any potential impact to operations.

Indonesia extends restrictions up to May 22nd. Some deliveries especially for non-primary needs/products are also cancelled due to the restriction.

Malaysia MCO partially lifted and some activities are allowed to operate. Workforce availability increased from 50% or 70% to 100% at manufacturing plants and warehouses.

(Apr 28, 2020) - Myanmar government has initiated stop work order for factories (and other) operations until approval to re-open.

MCO for Malaysia has extended by 2 weeks to May 12. The Philippines also extended restrictions until May 15. Thailand extended restrictions until May 31.

China is in normal operation mode, Shutdown for May Day holiday from May 1 to May 5.

The Vietnam authorities have announced plans to ease restrictions. We continue to monitor the situation and will advise accordingly.

New Zealand has lowered restriction levels from Level 4 to Level 3 in week 18. Australia is easing restrictions as well. India authorities are adjusting restrictions in states via Red, Yellow and Green Zones to calibrate extent and enforcement of measures (please refer to our [India website](#) for detailed information via download). Hong Kong has announced an extension on restrictions for another 14 days.

Singapore has announced a further extension of 'Circuit Breaker' restrictions by another 4 weeks until June 1. Restriction measures have also been tightened, which may impact labor supply for certain essential services.

With different countries at varying status even at provincial / prefecture levels, we are closely monitoring all our markets, and where appropriate, also taking the pre-emptive steps planning for recovery and resumption incrementally or in phases.

While governmental imposed restrictions in all APAC countries continue, our service levels are maintained so far serving our customers.

Middle East/Africa

(May 05, 2020) - There are no significant updates in status from the previous advisory.

In South Africa, the government has initiated a lockdown for all businesses except for supermarkets, food and medical establishments. Respective DB Schenker sites remain functional with appropriate employee health and safety measures in place. Complete shutdown of all life activity, except food and other basic need businesses, in GCC and some African countries.

Saudi Arabia and Kenya have announced shutdowns of non-critical operations.

Americas

(May 5, 2020)

- **Canada: Customer non-essential sites remain closed until further notice.**
- **Mexico is operating per government mandate; we have implemented social distancing guidelines in all facilities and ensuring all safety measures are taken to protect employees and operation.**

5. Special Products

Global Projects & Industry Solutions

(May 5, 2020) - There are no significant updates in status from the previous advisory.

(Apr 28, 2020) - Break bulk shipping capacity with multi-purpose vessels (MPP) is still widely available. Bookings can be placed for break bulk, out-of-gauge cargo, but also for cargo types, which are normally transported containerized. Operational delays are expected following various lockdowns and restrictions announced. In addition, quarantine measures are in place for various ports which have an impact on lead time and costs.

Our dedicated Global Projects & Industry Solutions teams around the world are fully operational and help clients to develop customized transport solutions for all break bulk or out-of-gauge shipments or any other project shipment independent of markets and trade lanes.

Fairs, Events and Special Logistics

(May 5, 2020) - There are no significant updates in status from the previous advisory.

With the majority of fairs and events worldwide being postponed or cancelled, we understand the strain on event organizers, exhibitors, participants, and contractors.

We are in close contact with the leading organizers and associations worldwide and continue to monitor all developments closely.

Our Global Fairs & Events Service Center is available to answer all your questions and assist you in all situations with tailormade solutions.

- **Reach out and contact our colleagues at customerservices.fairs@dbschenker.com**

DB Schenker Organizational Update:

DB Schenker is closely monitoring the COVID-19 situation. With precautionary measures in place, we are aiming to maintain full operability across all DB Schenker operations. In our offices across all continents, we have taken action to enable as many employees as possible to work from home to help instill the social distancing guidelines put in place by public authorities or the government in many countries. Our first priority is the health of our employees and partners. We adhere to the recommendations of health experts, especially WHO, related to, for example, hygiene precautions.

The next update will be sent on May 12 (or earlier should there be significant developments).

Please visit our website www.dbschenker.com or any local DB Schenker website for ongoing updates and additional information.

Thank you for your patience and support.

DB Schenker COVID-19 Customer Advisory Team

Disclaimer: We have used our utmost care in providing the information above. While the information above has been provided to the best of our knowledge and ability, the DB Schenker Group does not assume any liabilities arising from this information or the use thereof.