Update on Coronavirus disease (COVID – 19) – March 04, 2020

Please note that DHL Global Forwarding is carefully monitoring the fluid situation around the Coronavirus disease (COVID – 19) and is committed to continue serving our valued Customers as best as possible.

We will post updates as new information becomes available. Should you need further information, have any concerns or queries, please feel free to contact your account manager or customer service representative.

For further general information on the Coronavirus outbreak, please refer to the World Health Organization.

Please find below a regional update as well as an update on our Air, Ocean and Rail Freight operations:

China

- All DHL Global Forwarding offices, except Wuhan, have now re-opened.
- 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
- DHL Global Forwarding 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, DHL Global Forwarding 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)

- DHL Global Forwarding offices in South Korea remain fully operational. To ensure the well-being of our employees, OHS (Operational Health & Safety) Leads in DHL Global Forwarding 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, DHL Global Forwarding will initiate business continuity plans utilizing its multi-gateway sites to support.

**Air Freight**

- DHL Global Forwarding 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.
Rail Freight

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

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.