

Wednesday, March 18, 2020

Coronavirus Information - 10

Dear Customer,

In addition to our customer advisories dated January 29, 31, February 03, 10, 14, 20, 27, March 05 and 13, 2020, you will find further information below:

The corona pandemic is now having a major impact worldwide - on private and public as well as business life.

As already announced, our goal is to protect our employees and do our utmost to contain the further spread of the virus. At the same time, it is also our responsibility to ensure that our operations continue to run as smoothly as possible.

In addition to our worldwide travel restrictions and behavioural instructions, further appropriate protective measures have been taken depending on local conditions and current developments.

Business operations at our worldwide subsidiaries are secured by our business continuity plans. These plans include clear rules on how certain crisis scenarios can be dealt with. We have already, or will, conduct so-called stress tests in order to prepare for all possibilities in the best possible way. During these tests, our offices are subjected to a worst-case scenario. In this way, we aim to be prepared and to guarantee our customers the most trouble-free service possible while protecting our employees.

We strictly comply with the regulations of the respective national governments. In addition, we have started to implement work-from-home-arrangements for our staff to limit the risk of full work force contamination globally. All employees can be reached as usual.

On February 11, 2020 we started to get a global overview of the effects of the coronavirus on the entire supply chain of our subsidiaries. For this purpose, we created the Leschaco Group Matrix, which is kept up to date by the Managing Directors in our global subsidiaries. Due to the global developments and effects of the coronavirus, we have decided to provide you with this global overview instead of country-specific analyses. Because our task now is to look no longer only at the developments and effects of the coronavirus pandemic on the supply chains from and to China, but also at the countries that are just beginning to cope with the pandemic.

Please note that the information provided is based on the subjective perception of our Leschaco employees in the respective countries and does not claim to be complete or accurate.

Current developments:

In order to contain the spread of the coronavirus (COVID-19), a large number of countries and regions around the world, as well as the USA, Europe and Canada, imposed entry bans. The transport of goods is not affected. We are currently observing that the disruption is making now its way to Latin America too. After the situation in China is slowly but steadily improving, Europe in particular is increasingly becoming the center of the corona pandemic. Many European countries have agreed to severe restrictions on public life in the fight against this development. The guidelines vary from country to country and include curfews, or the closure of numerous stores and facilities. The EU also intends to suspend travel between non-European countries and the EU for 30 days. Goods are allowed to cross borders, but there are currently delays in delivery due to controls, to which the countries have already reacted. For example, weekend and Sunday driving bans for trucks and the procedure for block handling at borders have been suspended until further notice.

In Italy in particular, the problems in handling international transports are increasing noticeably due to the massive measures introduced by the government to contain the virus.

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Sea freight:

According to Drewry, sea freight is burdened above all by a combination of bottlenecks in transport capacity, disruptions in supply chains and a growing lack of planning ability. This refers to

1. the interruption of supply chains dependent on China, i.e. delays in delivery and the resulting decline in containerized exports and imports.
2. the lack of shipping capacity (105 cancelled sailings in February alone on the Trans-Pacific and Asia-North Europe/Mediterranean routes) and container equipment (including reefer containers in Europe, dry containers in the US Gulf). As well as
3. the lack of being able to foresee the duration of transport problems (e.g. lack of transport capacity and container equipment), which makes planning almost impossible.

For the first time in Europe and North America, there is almost no container equipment due to the carrier's blank sailing. They should be ready in China and wait for the economy to pick up again. Alphaliner estimates that about 60% of Asia-Europe departures have been withdrawn. Now that the virus is worsening in Europe and the USA, the speed of equipment turnaround is putting an even greater burden on shipping companies.

Air freight:

The downturn in the airline industry reached a new level. More and more airlines are cutting or cancelling international long-haul flights due to the collapse in travel demand and government restrictions imposed to slow the spread of the coronavirus. This withdrawal of passenger flights is also a problem for cargo carriers, as there is now less space available to carry freight in the lower deck. Capacity bottlenecks and increases in spot prices are therefore to be expected.

More and more airlines are resorting to the use of passenger flights as temporary charter cargo, as the borders are open for cargo. In this way, they are reacting to the changed demand in freight traffic and reducing the currently burdensome aircraft parking fees. However, these measures will also noticeably improve the current shortage of supply on the major trade routes.

Dear All,

With all due caution, we are convinced that we will master this situation together. And we have the discipline to master these times. We thank you for your understanding and wish you all the best for your own activities and for the health of your employees.

At the same time, we also thank our employees for their exceptional support, their flexibility and their unlimited willingness to continue to work with great commitment under these exceptional and for all of us new circumstances.

Further developments and effects remain to be seen. We will monitor the situation closely and keep you informed.

If you have any questions regarding your shipments, please get in touch with your known contact person in the Leschaco Group.

[Go to previously published coronavirus information from the Leschaco Group.](#)

Kind regards

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Disclaimer

Please note that all information reported in the Customer Advisory is to the best of our knowledge at the time of writing, but we cannot guarantee its correctness or accuracy.