Customer Advisory

LESCHACO

Forwarding is our passion. Since 1879.

Monday, April 27, 2020

Coronavirus Information – 13

Dear Customer,

In addition to our customer advisories dated January 29, 31, February 03, 10, 14, 20, 27, March 05, 13, 18, 23 and April 06, 2020, you will find further information below:

As already mentioned, we have introduced home working arrangements for our employees to varying degrees (100% if necessary) to limit the risk of contamination for our employees and the further spread of the virus worldwide. We strictly comply with the regulations of the respective national governments.

It is our goal 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 we continue to serve our customers in the best way we can.

Current developments:

Many countries are currently in a balancing act between virus control and economic recovery. With some signs that the spread of the virus is slowing down, many governments are struggling to revitalize their economies. However, as the US and several European countries continue to report thousands of new coronavirus cases every day, the question remains whether they can safely ease restrictions to contain the pandemic in the near future.

The Asia-Pacific countries appear to be more cautious in easing the restrictions. New cases in China fell to double digits before the country lifted restrictions on Wuhan, the epicenter of the outbreak. Malaysia extended its partial lockdown, although the number of new cases fell below 100 last week. South Korea again reported a single-digit number of new Covid-19 cases with no deaths on Friday, but health authorities again urged citizens to stick to the social distancing campaign to further contain the virus outbreak. In recent weeks, Singapore has seen a dramatic increase in Covid-19 infections, prompting the authorities to close down the island almost entirely. To stop the spread of the coronavirus, India's Prime Minister Narendra Modi sealed off the entire country on 24 March – at that time the country had 519 confirmed cases.

While some countries have already passed the peak of the pandemic or are close to reaching it, Latin America is at the beginning of the corona wave. The most populated Latin American country, Brazil, is the state most affected by the pandemic, followed by Peru, Chile, Ecuador and Mexico.

Since the beginning of February 2020, we have been maintaining the Leschaco Group Matrix, which provides a general global overview of the effects of the coronavirus on the respective logistical infrastructure in the countries of our subsidiaries. You receive this overview together with our Customer Advisory.

Due to current developments and rapidly changing conditions, we have decided to record detailed country-specific information on developments and limitations in the logistics infrastructure for our global branches. For more information about these overviews, please approach your known contact person in the Leschaco Group.

Please note that the information provided on country-specific Covid-19 impacts on the supply chains are based on the subjective perception of our Leschaco employees in the respective countries. This may change at any time under the given circumstances and does not claim to be complete or accurate.

Sea freight:

COVID-19 seriously affects shipping transport and causes transit disruptions, delays and cargo congestion in both the ports of origin and destination.

The Copenhagen-headquartered maritime consultancy Sea-Intelligence said in its recent bulletin that deep-sea carriers have blanked 435 sailings since February across the world's busiest trade routes due to the coronavirus shutdowns. Capacity on Asia to North America west coast trade and east coast trade is expected to drop 25% and 20% in the coming weeks, during which capacity on Asia-Europe services will be down by 30%. The shipping analysts expect more cancellations as rising unemployment and weakening manufacturing and retail markets severely curtail demand.

In the weekly Port Economic Impact Barometer Report by the WPSP-IAPH COVID19 Taskforce it can be read that some of the larger container lines requesting quays to be used for cargo storage for those containers where shippers or forwarders have opted for suspension of transit (SOT), predominantly inbound cargo from Asia to Europe and the Americas.

Following the MSC program Suspension of Transit (SOT), last week APM Terminals in North America announced that they will support shippers in logjam challenges by providing chargeable storage capacity in the US terminals in Los Angeles, New Jersey, Alabama and Miami and Florida as well as Lazaro Cardenas in Mexico.

Air freight:

As demand for passenger flights has dropped dramatically, so has capacity on the belly space of passenger planes – which shippers and forwarders traditionally rely heavily upon to move air freight.

Since early March, the use of cargo-only passenger charters has increased in popularity as a way to alleviate the shortage of air transport. Several international carriers have already begun to utilize the passenger seats for lightweight goods.

Last week the International Air Transport Association (IATA) called for governments to provide better support to airlines shifting focus and equipment from passengers to cargo.

Airlines are providing as much capacity as they can. Governments need to step up and ensure that vital supply lines remain open and efficient and that there is adequate infrastructure and support available in the air and on the ground," IATA Global Head of Cargo Glyn Hughes said in a statement.

Air freight rates continue to rise, especially ex-China and in particular Shanghai. This is due to the very high demand from governments and health authorities around the world for personal protective equipment (PPE), the transport of which requires a large part of the already limited air freight capacity.

Customs:

Maintaining global trade flows has become a very important issue. In mid-April, IMO member states presented proposals for maintaining trade flows, and the International Road Union (IRU) and the UN Economic Commission for Europe (UNECE) are also continuing their cooperative and proactive collaboration in the fight against the Covid-19 pandemic. In a joint letter to customs administration bodies, the two organizations stressed the importance of implementing coordinated customs measures to keep road transport supply chains open during the current global health crisis. They also expressed their readiness to support national authorities by providing practical advice and guidance in overcoming the challenges we currently face.

Valued Customer,

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

We hope that our Customer Advisory provides you with a useful insight into the latest developments. If you have any feedback, or if you miss any topics, please let us know:
corporate.communications@leschaco.com

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

In these exceptional and for all of us new circumstances we thank you for your understanding and continued support and wish you all the best.

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.