

Thursday, March 5, 2020

Coronavirus Information - 8

Dear Customer,

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

The increase in cases of infection outside China is worrying. To best protect the health and safety of our employees, we have taken significant preventive and proactive measures. We are constantly monitoring developments and preparing to handle our customers' shipments with the least possible impact in view of possible delays in access to ports/airports, lack of drivers, additional documentation requirements, customs clearance and similar problems.

Below you will find information about Greater China and South Korea, the countries most affected today.

Greater China:

- All Greater China Leschaco offices are open and staffed with employees.
- In China, infections are declining, and work has largely resumed. Production is currently estimated at 60-70 % of normal levels. Unless the situation takes another turn for the worse, China could soon reach something like "normal". Despite this positive outlook, the number of boxes waiting to be discharged continues to rise. The pressure on China's domestic trucking network, on the other hand, is easing as drivers resume their duties and road restrictions and closures have been officially lifted. However, there are still significant shortages of drivers and workers reported.
- In general, all ports and airports (except Wuhan) are in operation. There are congestions now, when returning empty equipment.
- The imbalance of equipment and the repositioning of empty containers continues to worsen. This is particularly noticeable in the USA and Europe. This is a direct consequence of the ocean carriers' blank sailing strategy, which was triggered by low/no volume on the major shipping routes. Based on the Container Availability Index (CAx), this trend is expected to continue, if not worse.
- According to Seabury, the available airfreight capacity from China decreased by 39 % compared to the previous year. Flight cancellations on China routes resulted in a reduction of 5,200 tons of capacity per day, with belly capacity on China routes down 85 % and capacity on the main deck down 12 %. Inbound airfreight capacity has been reduced and putting upward pressure on rates, while outbound capacity is very tight. Long-haul export capacity to Europe and the USA is limited and rates are rising.

South Korea:

- We have informed you with our Customer Advisory -7, that South Korea has raised its alert status to the highest level after it became the most coronavirus-hit country outside of China on February 25, 2020.

South Korea has now become the second largest COVID 19 cluster in the world. Liner shipping companies and container port authorities have introduced crisis plans similar to their Chinese counterparts.

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As of today, the supply chains in South Korea remains little affected. Ports and airports are in operation. Several flights to risk countries, in particular China, were cancelled. Health officials check the temperature of passengers on arrival (including ship and aircraft crews). Pusan Port has some congestion due to the health check.

Due to travel restrictions in several countries, passenger flights are increasingly being cancelled, there is no problem with cargo flights so far. However, a cargo backlog is to be expected, as passenger airfreight is now supplied by cargo airlines. Customs clearance, inland haulage and trucking are in operation, but trucks are not allowed to enter the high infected areas.

We have established a number of measures and rules in our South Korea offices and warehouse. Only staff needed for office work will enter the offices in shifts. All other employees will work remotely. Emergency teams has been formed and are in close contact and exchange with the crisis team at our HQ.

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.