



Date 17 November 2020

Subject COVID-19 Customer Advisory – Issue 19

Dear Customer,

The COVID-19 crisis presents a challenge that the world has not faced before. Without a doubt, the situation continues to test the global logistics industry's resilience and that of your supply chains. Since the beginning of the crisis, our Freight Forwarding experts have worked around the clock to help customers navigate the challenging situation and assist by providing the most reliable range of logistics solutions and services, incl. sufficient capacities, to mitigate disruptions.

Providing timely updates and keeping customers informed about all relevant developments remains one of the key priorities for DHL Global Forwarding; therefore, we had established the COVID-19 customer advisory format at the very beginning of the pandemic. As the COVID-19 crisis shows no signs of abating, and the world is moving into what is considered to be the 'the second wave' of the crisis, we'd like to outline key facts about the situation on freight forwarding markets and how we, at DHL Global Forwarding, are preparing for the coming months.

Air Freight

The overall Air Freight market volumes declined by around 13-14% (YTD September 2020 vs. 2019).

Looking ahead, the market continues to stay volatile, and we anticipate further tightening of capacity in the coming months:

- DHL Global Forwarding Air Freight Teams continue observing the market developments carefully and react quickly and efficiently.
- Our teams are prepared to deal with potential increases in volumes and further capacity reductions.
- We continue working closely with our carriers and other partners to identify reliable options to transport shipments despite reduced international and domestic air freight capacity.

Continuous dialogue and engagement between DHL Global Forwarding and customers are essential to enable reliable access to capacity in the coming months:

- With the anticipated volume increase in Q4, we strongly recommend placing your capacity requests as early as possible. The earlier DHL Global Forwarding receives a firm commitment, the better we can guarantee reliable access to the air freight capacity at the needed time.
- We kindly ask all customers to provide timely and accurate forecast information (volumes, shipping date, etc.) so that capacity can be planned as best as possible for mutual benefit.



- Despite market volatility, DHL Global Forwarding is prepared to discuss longer-term validity (e.g. 6 months) of rates and can source corresponding capacity solutions.

The latest information about the Air Freight market can be found in our Air Freight Market Updates, released monthly and available on our [website](#).

Ocean Freight

The overall situation on the Ocean Freight market remains relatively stable at the moment. Local outbreaks and occurrence of country/ regional hotspots may lead to local lockdowns and result in service disruptions and bottlenecks.

All the major carriers are experiencing equipment shortages at Asian ports. Some carriers introduced a “box priority fee”, which secures equipment availability and is payable at the time of booking. Many carriers have introduced restrictions on the release of empty containers prior to the intended shipment, i.e. release of empty containers maximum eight days prior to the ETD. Carriers are working to resolve the issues in Asia by repositioning as much equipment as possible, even returning empty containers to Asia without first making them available for export cargo, as is currently a challenging situation for the US and European export markets.

DHL Global Forwarding remains fully committed to serving our customers and mitigating the impact of any local service disruptions caused by lack of vessel capacity, equipment shortages, infrastructure bottlenecks, etc. to ensure your interests are safeguarded to the highest degree.

Tight collaboration with our customers is more critical than ever before and will aid us in navigating through these exceptional circumstances in the best possible way:

- Forecasting: accurate forecasting will help us to manage and protect the space you need.
- The announced Emergency Cost Recovery Surcharge remains in place until further notice. Further adjustments may be implemented in response to market conditions. Please contact your account manager or customer service representative for details.
- Delays/prolonged turnaround time for equipment return are expected across various geographical areas, and flexibility towards the equipment type and service loops to avoid disruption is highly advisable.

Capitalize on DHL’s expertise and be informed about the latest market developments; information can be found in our Ocean Freight Market Updates, released monthly and available on our [website](#).

Rail Freight

The transportation by Rail between China and Europe has become a very attractive option, and Rail has proven its strength during the pandemic by helping to sustain supply chains across all industry sectors. Freight volumes carried by Rail between China and Europe hit records in 2020 as the demand spiked during the COVID-19 crisis and Rail connections remained stable at all times. The unexpected substantial volume increase in recent months lead to congestions at key transit



locations due to equipment shortage. This may impact the end-to-end transit time in the Westbound direction (China to Europe); transit times are stable in the Eastbound (Europe to China) direction.

To fulfill customer demands, DHL provides access to Rail capacity between China and Europe with multiple weekly DHL Blocktrains and additional capacity on public trains. DHL continuously enhances its Rail portfolio by offering additional direct LCL services and alternative routings to handle the growing demand.

While the capacity situation for the Eastbound lanes is stable, the situation in the Westbound direction is very tight. It requires adequate volume and space planning, and we recommend considering the following:

- Due to space limitations on trains and container equipment availability in China, qualitative volume forecasts are crucial for the upcoming weeks.
- Rail space continues to be allocated on the 'First booked – first railed' basis with a booking window of 14 days until train departure for Westbound and 10 days for Eastbound trains.
- Delayed departures in China due to high train numbers, border congestion at KZ/CN border and PL/BY border need to be considered in the supply chain planning. To mitigate the impact in Europe, for DHL Blocktrains, we are using new routings via Baltics (Vilnius) via Kaliningrad (to Neuss, Germany), and new Slawkow (Poland) to bypass the congested route via Poland/Belarus (Malaszewicze/Brest).

Contact the DHL Rail expert to hear the latest updates and discuss rail solutions to your needs.

Please rest assured that we continue to monitor the situation around the COVID-19 crisis closely and will provide ad-hoc updates as necessary. Should you need further information, have any concerns or queries, please feel free to contact your account manager or customer service representative.

Kind regards,
DHL Global Forwarding