



Date January 12, 2024

Subject **Customer Advisory: Red Sea Situation & Impact on Global Shipping, ECRS Updates**

Dear Customer,

We want to share a latest update on recent developments in the Red Sea and the global shipping industry and the potential impacts on your supply chain.

What is the latest status?

All major container shipping lines still divert ships from the Red Sea route to avoid risks for their crews and your cargo. The alternative route around the Cape of Good Hope increases the sea voyage duration and costs due to higher bunker consumption, additional port and terminal fees, and higher labor costs. Shipping lines are implementing surcharges, including for cargo already at sea.

Affected are services in and out of Europe, the Mediterranean, Middle East and into Africa, where Mediterranean ports are often used as hubs. Sailings on the Trans Pacific (TP) are also impacted, as many shipping lines were starting to use the route to avoid congestion in the Panama Canal. 354 vessels or 4.65m TEU are affected as of January 7, equaling ~40% of the capacity from Asia to Europe and the US East Coast, leading to delays of ~7-20 days.

What is the impact for you?

Shipping costs are rising in major trade lanes in the short to mid term. The trend is expected to last at least until Chinese New Year but also beyond. We have opted to implement an Emergency Cost Recovery Surcharge (ECRS) with immediate effect due to the speed of the rate increases. As a background, carriers have sent the market more than +50 surcharges across +100 trades. Additional cut downs on e.g. freetime are already seen as equipment needs to go back to their origin quickly.

Access the latest ECRS on our website.

As the situation is dynamic, we update the surcharge level regularly and publish it [on our website](#). We have just updated the ECRS levels for all affected trades for January 16-31, 2024. Further trades added in this update include US East and Gulf into Far East, as well as East Mediterranean into North and West Africa. Note that the ECRS is already valid for January 1-15, and you can find the rate levels for this time period also [on our website](#).

What can you expect going forward?

The shipment schedule reliability is already gone due to the current situation. Further we will see ripple effects to majority of trades as capacity is becoming a constraint, e.g. Trans Atlantic rates are also already increasing. In addition, equipment issues are starting to show and will become worse as vessels have not returned to Asia on time.

What is DHL doing to help you?

We closely monitor market developments, track your shipments, and supply the most accurate data via mydhli.com. Further, we continue to try to secure space, empty containers, and uplift for you via our multi-carrier program.

We also offer some alternative transport solutions between Asia and Europe: [DHL Multimodal Ocean Express](#), [DHL China Rail](#), and [China Road](#) are fast and reliable alternatives for your urgent FCL & LCL cargo. And we can offer you alternative **Air Freight solutions or SeAir** via our Ahlan Dubai Hub with solutions to Europe or any other destinations as needed.



For specific inquiries or concerns related to your shipments, please reach out to your dedicated DHL Global Forwarding representative. We appreciate your continued partnership and trust in DHL as your logistics provider.

Kind regards
DHL Global Forwarding