

Thursday, February 20, 2020

Coronavirus Information - 6

Dear Customer,

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

- Since Monday, February 17, 2020 all Greater China Leschaco offices are open again and staffed with employees. Our applications for the Ningbo and Shenzhen offices were approved by the authorities.
- Most of the companies have started operations and according to the information available to us, production and manufacturing in mainland China, with the exception of Hubei Province and other areas with a high number of COVID-10 infections, is now increasing significantly. In addition, many people have returned from their hometowns and have resumed work. The Ministry of Transportation also announced on Monday that until further notice all highways, tunnels and bridges are toll-free.

Provinces control the borders strictly and when crossing a border, the 14-day quarantine policy does apply. Cities have locked down entrance roads to keep strict control.

- The General Office of the State Council has issued and published a notice in which it repeatedly stressed that it is not allowed, except in the Hubei province, to take measures such as closing expressways, blocking national and provincial roads and isolating rural roads and that the suspended transportation services should be resumed in an orderly manner.
- While the production-related challenges can be overcome in the coming weeks, the limited inbound and outbound freight capacity in March and April could become a challenge for the supply chains.

In general, all ports and airports (except Wuhan) are in operation

According to a report by Sea-Intelligence Maritime Consulting, some 82 transpacific sailings were cancelled up to March, removing some 198,500 TEU from the market, while shipping lines in total have blanked out some 54 sailings for the Asia-Europe trade. The report also noted that, according to some shippers, a delay of three to four weeks can be expected for the arrival of containers at European destinations.

As previously reported, Chinese ports are overloaded, which has led to a lack of available power-plugs for reefer containers. Leading carriers have already announced that this will result in surcharges.

As in the case of sea freight, the large number of cancellations of both passenger and freighter flights, combined with the resumption of factory and logistics operations in the coming weeks, is expected to lead to a shortage of air freight capacity, which could continue until April.

In total, more than 25,000 flights per week have been cancelled so far, reducing airfreight capacity by about 50%. Further flight cancellations are to be expected.

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Due to the strict control of truck driving in the provinces and the quarantine regulations for people returning to work from their hometown, there is a serious shortage of truck drivers, resulting in very limited resources for truck transportation.

- . Ningbo available, very limited, necessary permits for trucking companies not issued yet
- . Qingdao available, short capacities
- . Nanjing available, short capacities
- . Shanghai available, short capacities
- . Dalian available, short capacities
- . Shenzhen available, short capacities
- . Hong Kong normal
- . Tianjin available, short capacities

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.

We will monitor the situation closely and keep you informed.

If you have any questions regarding your Greater China shipments, please contact your known contact person within the Leschaco Group.

Kind regards

Leschaco (Lexzau, Scharbau GmbH & Co. KG)

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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.