

CORONAVIRUS UPDATE

**AIR&OCEAN
FREIGHT**

Last update: 15/04/2020

Dear Valued Customer,

The spread of the coronavirus (SARS-CoV-2) and the resulting global pandemic are rapidly affecting commercial activity. All Rhenus employees are doing everything they can to keep operations running and to minimise the impact on your transports.

We are closely monitoring the situation and adapting to changing local conditions in order to best be able to react to global capacity changes. Both our global network and the cooperation with our teams and partners have thus far enabled us to guarantee that your shipments have been handled flexibly and without any severe delays on any routes.

MARKET UPDATES

GLOBAL AIR FREIGHT

As restrictions in many countries are further increasing (e.g. the governments of Singapore and the United Arab Emirates have announced a full lockdown), nearly all belly capacity from passenger flights has disappeared. More carriers are introducing additional cargo flights via their grounded PAX fleets. However, capacity remains largely limited to freighter aircraft focussed on transporting the most critical goods.

Global Capacity has decreased by around 35%. By providing additional air freight capacity and organising our own charter flights, Rhenus will be sure to remain flexible in the market. While rates between China and Europe increased rapidly over the last weeks, the situation on services from China to the US began to show signs of relaxation.

Region Americas

The travel restrictions between Europe and North America and the resulting reduction of belly capacity show its impact. Currently, the market demand is moderate to strong and rates from Europe to North America have stabilised on a high level.

Import demand to Latin America is rather low in the current situation, and freighter capacity is sufficient to compensate the loss in belly capacity with slightly elevated rates. However, as we are closely monitoring the situation, a drop in freighter capacity from EU to LATAM is a likely development. Provided this scenario becomes a reality, Rhenus can still guarantee to offer regular services into LATAM via our Miami gateway. Additional tailor-made customer solutions can be provided, e.g. charters into Canada from China and domestic shipments of trucks transporting masks and reagent tests.

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APAC

In the Asia-Pacific region, most countries are extending existing lock-downs or are implementing new measures. This situation leads to further constraints in productivity in manufacturing and movement of goods. Air export demand continues to be extremely strong out of China, Hong Kong and Taiwan due to massive backlog combined with the reduced capacity. From China to Europe there are still longer transit times of 5-9 days for general cargo to be expected. LH has cancelled their freighters to Mumbai and Hyderabad.

To cover customer demands, Rhenus logistics operates regular charter flights from China to Frankfurt.

EMEA

Operations at all of our European sites and offices continue as normal, however stricter health and safety measures at international borders may cause delays. All our European hubs deliver import and receive export freight with no backlogs recorded. Demand for China imports remain at a high level.

Also during full lock-down all airports except DWC airport and seaports in the United Arab Emirates are operational without any interruption but delays should be considered due to limited staff.

GLOBAL OCEAN FREIGHT

In Ocean Freight we are experiencing additional capacity cuts, especially in the Asia-Europe trade. As already anticipated in our previous news update, carriers reacted quickly to the dropping demand on volumes in the market. Carriers announced more than 200 blank sailings last week. This development stretches over all shipping alliances and tradelanes. Capacity on main routes have been reduced in average by 20-25% over the next four to six weeks. Even though Chinese exports have recently increased, the closures of shops and businesses in Europe and Med countries have an immense impact on Asia-Europe volumes.

Tradelanes which include countries on lock-down-will have their capacity severely affected. The result of lock-downs creates production backlogs but also container imbalances which might suddenly affect other countries. Besides, we are facing an undersupply of capacity on specific trade lanes, especially to Indian Sub-Continent or South East Asia, due to past blank sailings and increased volumes.

Bookings must still be placed at least 3-4 weeks in advance to obtain ship space and equipment. Rates on most tradelanes are increasing (exception US export to Asia and Europe).

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// MARKET UPDATES

LANDBRIDGE:

All rail terminals in Europe and China are operational again (for China this also includes Wuhan and Changsha). Cargo space is in very high demand, and trains are becoming fully booked at a pace comparable to peak season. We can secure space by rail if provided with sufficient pre-booking time. For high volumes of cargo, Rhenus can arrange individual block trains as well.

For detailed information on the transport situation in your respective countries or regions, please follow the link to our landing page, which is updated regularly:

// FURTHER INFORMATION

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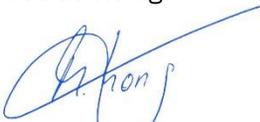
<https://www.rhenus.group/corona-information/>

Please do not hesitate to contact us or your Rhenus representative to make further arrangements for your shipments.

Take care and stay healthy. We are here to support you.

Kind regards,

Tobias König



CCO Global