

RHENUS AIR & OCEAN UKRAINE CRISIS UPDATE

2nd of March 2022

Dear Valued Customer,

In view of the current crisis in Ukraine and its possible impact on transport and logistics, we would like to provide the following updates:

The safety of our employees and their families in Ukraine is our main focus. We are thankful to report that at the moment all of them are safe.

Please be advised that as the situation is prone to change frequently over the next days and weeks, there is an increased risk to goods destined for Ukraine, with transport links into the region being severely impacted.

Air & Ocean Freight:

We inform you that due to the current situation in Ukraine, all carriers stopped all operations with this country until further notice also terminals and airports in Ukraine have suspended operations. It is, therefore, to be expected that discontinuity in freight traffic will continue to increase. Due to the unpredictable scenario, any new export or import bookings to Russia and to any other adjacent countries may be rejected at any time.

All **ocean freight** bookings from/to Ukraine are not accepted since last week.

The affected areas are the ports of Odessa (Ukraine), Novorossiysk (Russia), Constanta (Romania), and the whole Black Sea area. Currently floating shipments for Ukraine are diverted to Constanta, Tripoli, or Piraeus.

Vessels are still calling Russian ports; however, most carriers demand prepaid terms only and may require a **deposit** prior to entering Russia. In most cases, shipments to Russia are **not covered by standard transport insurance**, unless a special war clause is booked. In case of a damage incident, the country-specific freight forwarding liability will apply.

Terminals in the port of Hamburg and Rotterdam have **stopped accepting containers destined for Russia** and pre-carriage truckers begin rejecting new and existing transport orders.

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Air cargo to Ukraine destinations is suspended until further notice, no more commercial carriers are currently flying to Ukrainian airports as airspace has been fully closed (Kyiv, Dnipro, Lviv, and Odessa).

Ukraine International Airlines has suspended scheduled and charter flights to and from the country. We can also expect a severe impact on the trade lane Asia-Europe and vice versa as most flights between the continents will need to be rerouted.

British airlines have been banned from landing at Russia's airports and from crossing its airspace already last Friday. On Monday, Russia also closed its airspace to carriers from 36 nations, including European countries and Canada, responding in kind to the closure of their respective airspace to all Russian aircrafts. Consequently, Russian carriers, e.g., AirBridgeCargo reported 17 airplanes as grounded in Moscow-Sheremetyevo (SVO), which **impacts the available capacity** in the market tremendously.

Furthermore, European and Asian carriers work on an adaption of the routings between Europe and Northeast Asia, e.g., via the Persian Gulf. This leads currently to **flight cancellations**. However, even after the successful implementation of the new routes, we expect **tight capacity, longer lead times, and higher rates**. The price increases are also driven by rising oil and fuel prices and higher fuel consumption due to longer routes.

Middle East carriers currently report no operational impact for the Route Europe-(Northeast) Asia. However, the carriers are releasing embargos on certain commodities to and from Russia e.g., QR embargoes with immediate effect express cargo, vulnerable, DGR, GCR, mail, and QR pharma.

Cargolux introduces a War Surcharge on cargo to and from Asia chargeable on the weight. It becomes effective on the 7th of March 2022 and will remain applicable until further notice.

Landbridge:

We have communicated with several major carriers about this topic since last week and can **confirm that the current operational process of international traffic on the Eurasian corridor is stable** and has not been affected by sanctions for the time being.

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Rhenus Air & Ocean is working according to the sanctions imposed by the European Union and has established a task force that continues to monitor the situation. Please be aware that the conflict also has the potential to affect consignments to and from other Eastern European countries. So far, all other consignments are running as usual. The developments are currently too dynamic to fully anticipate them. We are working on contingency plans for different scenarios and will keep you informed of any major changes.

If you have further questions regarding your shipments, please get in touch with your respective local Rhenus contact.

Kind regards,
Rhenus Air & Ocean