



March 17, 2022

## Customer Advisory COVID-19: Global Update

Dear Customers,

Please find enclosed the latest edition of our COVID-19 global customer advisory update.

The spread of the Omicron variant seems to decline in many countries indicating that an end of the pandemic might be on the horizon. While improving, we expect the conditions under which we all operate will continue to be disruptive and far from normal for some more time. We look forward to continue our update services as long as the global pandemic and its aftermaths may impact the economy and hence our common business.

Please continue to be engaged with your DB Schenker Account Managers on your latest plans, prices and projections. They will invest the utmost effort to support your business with corresponding solutions.

**\* For Ukraine Updates, please stay informed here: [Ukraine Crisis Update | DB Schenker in Europe](#) \***

## Executive Summary

### Air Freight

- The Omicron variant continues to impact air freight operations globally and has resulted in flight cancellations, lockdowns, shortage in manpower as well as travel restrictions (e.g. FRA Hub).
- Countries in APAC are starting to open up with regards to COVID-19 measures (exception China and Hong Kong). Hong Kong has announced that COVID-19 measures will be extended till April 20, 2022.
- Hong Kong- China Border: All Truck border crossings are closed until further notice.
- Due to the recent COVID-19 outbreak in China, government has announced local lockdowns. This affects various industries. Some domestic / international passenger flights were suspended at PVG due to the recent Omicron outbreak in Shanghai. There is no impact on freighter flights yet.
- Country regulations limit access to additional capacities (e.g., China CAA regulation that freight cannot be loaded in the pax cabin of aircraft anymore).

- The market is experiencing many freighter cancellations due to carriers converting to charter flights.
- The mode shift from ocean to air is adding continuous pressure to the congested market situation.
- Oil and jet fuel prices continue to trend upwards.
- The war in Ukraine remains critical and further developments will be monitored closely.
- The Flight Operation services currently face disruptions according to the latest bans on air space, hence adjustments to the flight schedule are unavoidable.

## **Ocean Freight**

- Global Ocean market demand normalizes, however still expected to outperform new building capacity supply for 2022.
- Continuously missing capacity in the carrier service set-up adds further negative impact to the supply, keeping the supply and demand delta imbalanced in favor of the supply. Carriers advise about effectively 15-20% less capacity available due to capacity being tied up through slow port productivity, congestion and other schedule delays.
- Global carrier schedule reliability is record low at 31% and average delay of vessel arrivals of more than 7 days.

## **Land Transport**

- Some restrictions to contain the COVID-19 pandemic are still established in some European countries, directly or indirectly affecting transportation. Spread of the Omicron variant is visible in many European countries, but most countries are in discussions on actions to soften measures and restrictions; hard lockdowns currently only in very few smaller countries.
- In case of disruptions, we follow our pre-defined contingency plans to ensure flows of cargo. We are adapting our transport service offerings daily to the needs of our customers.
- Some receivers continue to have limited operations. All shippers may check the delivery possibility with the consignee to avoid cost for storage or return shipments.

## **Contract Logistics**

- Infections and respective governmental restrictions due to the Omicron variant keep increasing, and affecting labor shortages, especially in Greater China.
- The well-being of our employees remains key priority, next to servicing our customers.
- To stay agile and responsive, we are proactively addressing labor management challenges by having a special task force and recruitment plans.
- As we are monitoring the status quo very closely in all countries and have respective BCP's in place, our operations and respective customer services remain stable.
- To keep our customers' businesses running, we are in closest contact with all our partners and carry-on supporting with all conceivable warehousing services on short notice.

## **Fairs, Events and Special Logistics**

- The situation within the global exhibition industry has improved as most markets are open or partially open.
- The majority of authorities around the world are allowing exhibitions and business events to take place again, given certain preconditions and protective measures.
- Our teams worldwide are in close contact with trade fair and event organizers as well as the respective associations and authorities and able to advise you on the current situation and provide the required tailor-made services.
- For further information or questions, please contact us under [dbschenkerfairs@dbschenker.com](mailto:dbschenkerfairs@dbschenker.com).

## Global Market Updates

(Most recent updates in bold)



### Air Freight

#### Global

**(Mar 01, 2022)** – The airfreight market and dynamics remain extremely volatile and fragile due to the impact the Omicron variant has on airline staffing and cargo ground handling operations.

Capacity challenges remain in the market. All available freighters are already deployed and in service. New conversions and orders are only available from 2024 onwards. E-commerce growth and the continued ocean challenges will sap available space. COVID-19 related medical materials have picked up substantially with the US Government prioritizing test kits. Volume growth is at 5-6% whilst the capacity increase is at around 3%.

Challenging labor situations remain particularly in the USA and China. Ground handling agents, carriers, warehouse and truck drivers are mostly affected.

Shenzhen government announced a city lockdown from March 14 to 20. All residents will need to work from home and undergo city-wide PCR tests during this period. In addition, truck drivers leaving the Shenzhen area have to provide 24 hrs PCR tests. Futian FTZ & QianHai zones are closed from March 14 until further notice. Shippers / consignees located outside Shenzhen city limits can operate as per normal.

Dongguan has announced a COVID-19 lockdown until further notice. As a result, trucking to HKG is currently not possible. We will continue to monitor the situation closely. Please contact your local DB Schenker Account Manager to stay informed on further developments.

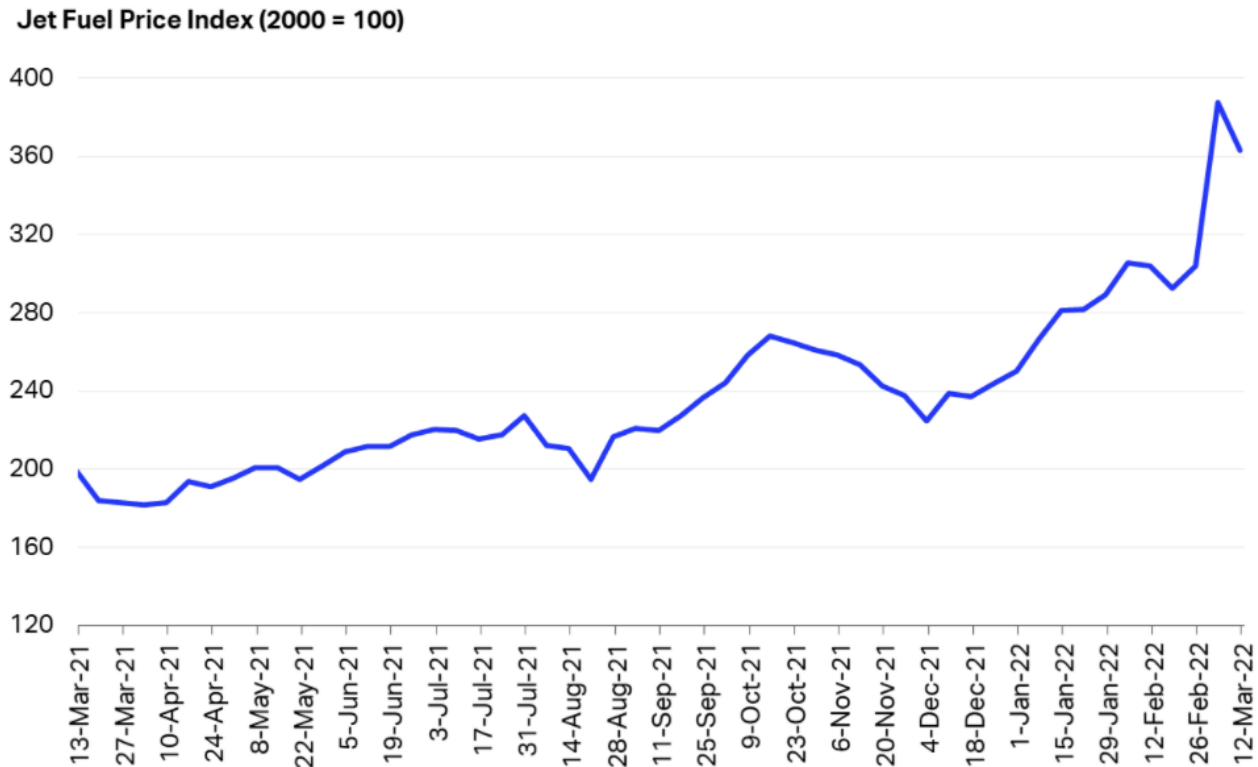
The market is congested also considering the large impact of mode shift from ocean to air. Especially with a continuous increase of critical shipments being converted to airfreight, there is a significant increase in large shipments in the market that requires access to freighter capacity. The ocean congestion is unlikely to be resolved in 2022.

The U.S. Department of Transportation is suspending 44 flights from the United States to China by four Chinese airlines: Xiamen, Air China, China Southern Airlines and China Eastern Airlines. This follows China canceling the same number of flights on American carriers United, Delta and American Airlines. China suspended the US carrier flights due some passengers testing positive after arrival, which is against their strict rules related to combating COVID-19. The flights suspended by the USA are scheduled from January 30 through March 29 and affect service to and from LAX and JFK.

The Omicron variant continues to cause havoc as airlines are forced to cancel flights due to challenges with crews. The unpredictability of the situation and the cancellation of passenger flights adds chaos to the already hectic air freight market. Even more than ocean shipping, air freight is at the mercy of near-term developments in the pandemic. Travel restrictions almost immediately affect passenger flights and, therefore, belly capacity. As long as the pandemic continues to rage and low vaccine rates remain in parts of the world, the threat will continue. It is expected that the market will continue to see major disruptions for the next 1-2 months.

## Jet Fuel Price Index

(taking a look at the price index over the past twelve months)



Source: Platts

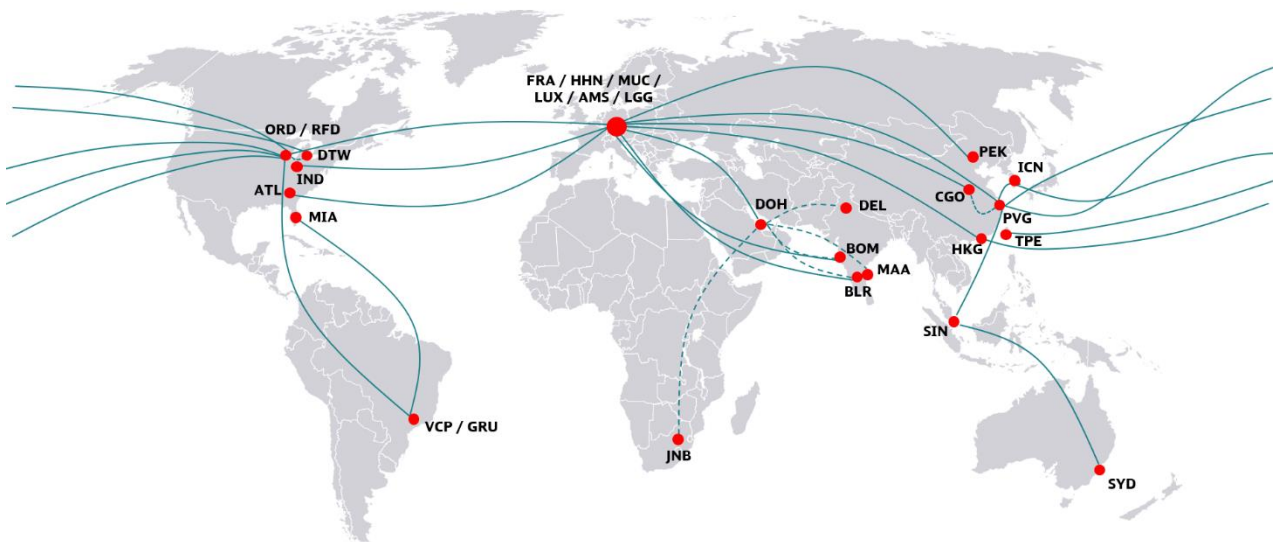
## Our DB Schenker own controlled network includes flights on following routes:

- **Fueled with SAF:** Frankfurt (FRA) - Shanghai (PVG) - Frankfurt (FRA)
- Bangalore (BLR) - Munich (MUC) - Chicago (RFD) - Munich (MUC) - Doha (DOH) plus onforwarding via scheduled flights from DOH to BLR, BOM, MAA, DEL, JNB
  - ETA on-forwarding destinations expected within 24-48 hours
- Beijing (PEK) - Munich (MUC)
- Chicago (ORD/RFD) - Seoul (ICN) - Shanghai (PVG) - Chicago (RFD) (*Note: Single flights might be routed into HKG instead of PVG*)
- Chicago (ORD) - Sao Paulo (GRU)
- Detroit (DTW) - Shanghai (PVG) (*Note: Cargo transitioned in DTW / RFS from ORD to DTW*)
- Frankfurt (FRA) - Beijing (PEK)
- Frankfurt (FRA) - Mumbai (BOM) - Frankfurt (FRA) - Atlanta (ATL) - Frankfurt (FRA)
- Frankfurt (FRA) - Chicago (ORD / RFD) - Frankfurt (FRA)
- Frankfurt (FRA) - Shanghai (PVG)
- Frankfurt (HHN) - Shanghai (PVG) - Frankfurt (HHN)

- Frankfurt (FRA / HHN) - Zhengzhou (CGO)
- Hongkong (HKG)-Chicago (RFD)-Luxembourg (LUX)
- Hongkong (HKG) - Munich (MUC)
- Liege (LGG) - Shanghai (PVG) - Luxembourg (LUX) *(Note: This includes trucking to/from CGO-PVG / PVG-CGO)*
- Luxembourg (LUX) - Indianapolis (IND) - Luxembourg (LUX)
- Miami (MIA) - Campinas (VCP)
- Munich (MUC) - Beijing (PEK)
- Munich (MUC) - Shanghai (PVG)
- Munich (MUC) - Zhengzhou (CGO)
- Shanghai (PVG) - Chicago (ORD)
- Shanghai (PVG) - Frankfurt (FRA)
- Shanghai (PVG) - Munich (MUC)
- Shanghai (PVG) - Singapore (SIN) - Sydney (SYD)
- Taipei (TPE) - Chicago (ORD)
- Zhengzhou (CGO) - Frankfurt (HHN)
- Zhengzhou (CGO) - Amsterdam (AMS)

## DB SCHENKER Flight Operation

### Visual Flight Schedule / Illustration 1



More detailed information on this new flight schedule can be found [here](#).

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## Europe

**(Mar 15, 2022)** - All offices remain in full operation with access to terminal handling and ground transportation. Operationally, our linehauls to and from the hubs are running as scheduled. Please get in touch with your DB Schenker Account Manager if there are implications by the war in Ukraine for more information.

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## Asia Pacific

**(Mar 15, 2022)** - Further to the market situation update as highlighted within Global Air Freight section of this advisory, the following pertains to the operational situation in the APAC Regional Clusters:

### General APAC Region SITREP

#### ANZ Cluster

→ No major operational changes or updates from previous advisory. Case numbers and isolation requirements continue to cause temporary strains on staffing resources within the airfreight and general transport sectors, including airport cargo terminal operations. These factors are contributing to the extended total transit time of freight, in addition to recovery efforts from the heavy rainfall and flooding in Queensland and Northern New South Wales last week.

#### India Sub-Continent Cluster

→ No major operational changes or updates from previous advisory on COVID-19 impact.  
→ COVID-19 situation in China resulting in city wide lockdowns will have a ripple effect on multiple trade lanes, as trucking and cargo handling capacities due to workforce availability are being impacted at major China hubs in Area South and East.  
→ The ongoing war in Ukraine will also have a significant impact on capacity, operations, costs, due to sanctions imposed and compliance requirements.

#### Greater China Cluster

→ **Our GC offices continue to operate as usual. However, we remain cautious about the potential impact brought by escalating COVID-19 rates.** Currently, government regulations in order to contain and manage the COVID-19 outbreak are mainly issued by the local administrations. Thus, specific measures and impact may vary across locations:

**China East area:** Strict COVID-19 prevention and restriction measures implemented in some locations resulting in shortage of trucking drivers and truck capacity. The transportation, including pre-carriage, on-carriage, as well as domestic transportation and international land-bridge, etc, are affected by the COVID-19 prevention and restriction measures announced by the government associations. Delays are expected.

• **Export backlog in airport warehouse still at high level, import backlog is expected to increase quickly.**

• **Some domestic / international passenger flights were suspended at Shanghai PVG, while freighters have not been impacted yet.**

**China South area (including Hong Kong S.A.R):** The COVID-19 situation in Hong Kong S.A.R remains very critical, Shenzhen announced lockdown from March 14 to March 20, followed by Dongguan announcing its lockdown from 12:00 AM March 15 to March 20. Logistics movements and productions have been impacted by the citywide lockdown.

• **Shenzhen airport remains open but with reduced manpower. Flight cancellations expected for flight ex Shenzhen to Intra-Asia and Europe.**



**China North area:** Some cities have announced citywide lockdown, which includes Changchun, Jilin, Weihai and Langfang.

Pick-up and delivery are constrained in some locations within Beijing, Tianjin, Hebei, Shenyang, Zhengzhou and Shandong. Nucleic acid test reports within 48hours validation are mandatory for the drivers when picking up in those areas.

- **Shenyang airport announced shut down due to an infected case reported.**
- **Transit time from Qingdao to Beijing is expected 0.5-1 day longer, truck driver and capacity is in shortage.**

### **Southeast Asia Cluster**

→ No major updates for SEA Cluster countries. For questions about local Air Freight operations and possible disruptions, please get in touch with your DB Schenker Account Manager.

Northeast Asia Cluster situation continues to be monitored closely as COVID-19 rates remain high.

COVID-19 variants still pose a clear and present risk for operational disruptions in our network. Our approach remains unchanged with priority focusing on the health and safety of our workforce as well as remaining vigilant in monitoring the situation to mitigate risk and events with potential impact to operations in all our APAC countries. In addition, the Ukraine-Russia war will also be expected to have both direct and indirect impact on operations and business in the near term, with trade compliance and sanctions coming into effect.

Should there be any specific account operational effects, updates will be provided to our DB Schenker Account Management teams where necessary. We recommend being in close contact with your DB Schenker Account Managers for any further details.

Our air freight operations remain available to support customer needs. Control measures remain in effect. Delays may be expected. Alternatives to transport cargo via other routes are being established and stop-gap measures for labor shortages are being deployed where necessary. Customers may contact the respective DB Schenker representatives for support or solutions if required.

Capacity is expected to remain volatile. Do refer to our Global Flight Network's additional scheduled [charter services](#) for more solutions that can meet your needs.

→ To receive APAC daily customer advisories in your mailbox, please subscribe [here](#).

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### **Middle East/Africa**

**(Mar 15, 2022)** - Overall, DB Schenker's air freight operations in the countries remain uninterrupted and we continue to serve our customers. For more detailed market updates related to Middle East and Africa, please click [here](#) (PDF).

<b>Situation</b>	<b>Country</b>
No operational restrictions for air cargo business	Angola, Bahrain, Egypt, Kenya, Namibia, Mozambique, Oman, Qatar, South Africa, Saudi Arabia, UAE

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### **Americas**

**(Mar 14, 2022)** - Market conditions continue challenging on most trade lanes to and from the Americas. The COVID-19 variant persists in its effects on staffing in all aspects of the airfreight supply chain. Affected are:

carrier operations, airport terminal cargo handling, and trucking services. This is more of an issue impacting the USA airport operations, with terminal slowdowns less of a problem in Canada, and the Latin American countries. Specific to the USA, the market labor situation in hiring of personnel is still a challenge impacted by shortages related to the Omicron variant. The overall terminal warehouse congestion continues to be difficult and creating delays in processing cargo with resulting effects on transit times and on time performance. Imports tend to have secondary importance as resources give priority to exports to ensure flights depart fully utilized. Shortage of truck drivers and long lines at airports for pick-up or delivery cargo has created further problems with no multiple stop deliveries by individual trucks possible anymore with a need for a separate truck per airline due to waiting times. This situation appears have reached its peak with expectations of slow improvement thru end of the month and into April.

Relative to market capacity developments the trans-Atlantic and trans-Pacific trade lanes have become increasingly in demand, and now affected by carrier scheduled changes related to the war in the Ukraine. Key trade lanes intra-Americas as well under stress due to high demand. DB Schenker Charter operations are in heavy use, as our expansive flight operations network covering routes trans-Atlantic, trans-Pacific and intra-Americas, and is providing secure capacity for our customers.

### **Americas exports by trade lane:**

#### **USA – Europe**

→ Market demand for airfreight capacity has become exceptionally strong. Demand started to increase in February and now exacerbated by carrier flight cancelations or re-routing of aircraft related to the war in the Ukraine. DB Schenker has added additional charters and along with our substantial scheduled flight operations supporting our customer's needs. Flight operations: Weekly 747 freighter flights from Chicago, Rockford, Indianapolis and Atlanta to Frankfurt, Munich and Luxemburg, offer DB Schenker customers a stable and secure access to capacity.

#### **USA – Asia (excluding China)**

→ Capacity remains tight but on most trade lanes with critical situations remaining with destinations in Australia, Singapore and India. DB Schenker has in place large block space agreements to support these destinations from its key USA Gateways. Supporting India, there are connections with our flight operations via our European hub and their flight operations to destinations there.

#### **USA – China Specific**

→ Chinese governmental protocols for combating COVID-19 have affected the amount of cargo that can be processed at key airport gateways, resulting in disruption of carrier schedules and at time limitations of cargo on board flights dependent on whether there is enough ground handling staff available to off load or load aircraft, this is creating at times transit delays in the market. Cathay Pacific flights that had been severely reduced in January / February are now slowly returning. But loss of carrier capacity relative to the war in Ukraine crises impacting the trade lane in general, as is limitations (COVID-19 related) in cross-border movements to and from HKG DB Schenker as part of its own controlled flight network maintains 747 freighter flights from ORD/RFD to and from China as well as a flight from DTW to PVG to support the heavy demand.

#### **USA – Latin Am and Latin Am to Europe and APAC**

→ Intra-Americas: Capacity is in strong demand, with market backlogs effecting all major origins and destinations. Challenges related to freighter carriers schedule fluctuations continue but are improving. Passenger aircraft movements as well slowly growing supporting capacity demand. On the critical Miami to Sao Paulo trade lane, DB Schenker is maintaining weekly DB Schenker controlled flight operations from ORD to GRU, as well as from MIA to VCP. Airport terminals in general operating relatively well with transitioning cargo, but with congestion causing some delays in receiving and delivery at some airports.

→ Latin Am Exports: North American, Intra-Americas and European destination capacity continues tight. Brazil as well reporting market backlogs to all regions. Mexico, Argentina, Chile, and Central American origins with continuing strong export market demand vs. available capacity.



## USA / Latin Am to Middle East/Africa

→ South Africa with continued strong market demand and shortage of capacity, but with our flight operation network offering connections via our European hub.



## 2. Ocean Freight

### Global

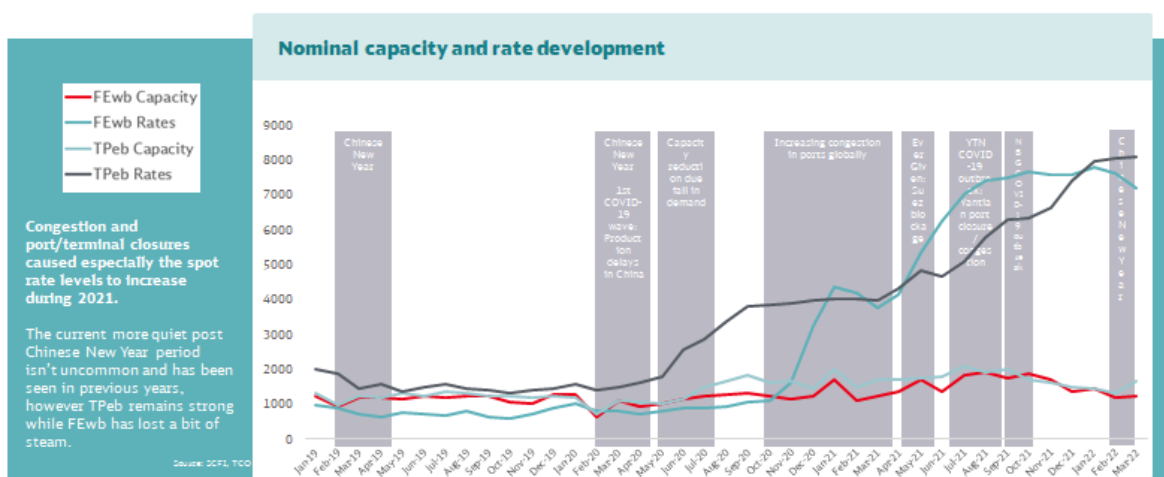
**(Mar 15, 2022)** - Global trade 2021 has been very strong especially during the first half of 2021, while the second half slowed down to more “normal” growth rates in all trades. Still remarkable remains the exceptional strong flow into North America and South America as well as Intra-Regional trades volume development.

Current booking flows ex Asia remain tight to North America, utilization to Europe is at comfortable levels, destinations Middles East, Africa and Latam are slightly lower, normal, overall vessel utilization at satisfactory levels. While pressure on North American bound trades remains in place (mainly coming from retail industry), the remaining trades ex Asia take slightly longer than expected to recover from Chinese New Year period. High fuel prices and increasing number of COVID-19 cases in Chinese ports might show an impact in the next weeks. Exports ex Europe to North America remain under heavy pressure due to a series of blank sailings. Massive roll pools reported for NCP.

Rate levels ex Asia are rather stable, rates Europe to North America are expected to increase rapidly in line with the demand in volume. Back haul trades ex Europe and North America remain slightly sluggish with rates under pressure. Carriers are keen to avoid imbalances as much as possible, hence rate development in the backhaul trades could be expected unstable in the months to come. Overall, it is expected that Intra-Asia will continue to be the driving force for growth in Asia and Asia will remain the growth factor for world trade due to the increased speed of vaccination, increased dependence on intermediate goods and the industrial production.

Overall for 2022, market supply and market demand expectations point towards a delta in supply (supply around 3-4% vs demand of about 6%). While the total order book reads 5.8 Mio TEU, this might suggest an oversupply of capacity for 2023 / 2024, however impacts from the revised carbon emission regulation on the actual vessel capacity have not yet been considered.

## Global Ocean Freight Market Asia to EU and Noram: Capacity, Events, Rates



Despite spot rate levels to react to slight softening of the market, overall for all main trades, market rates are expected to stay high. Carriers focus on FAK and Premium segments and continue to play the market to their advantage.

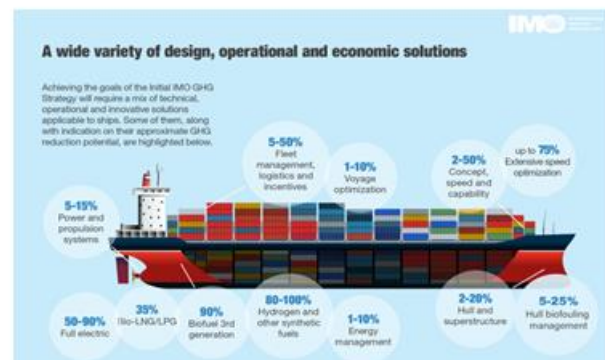
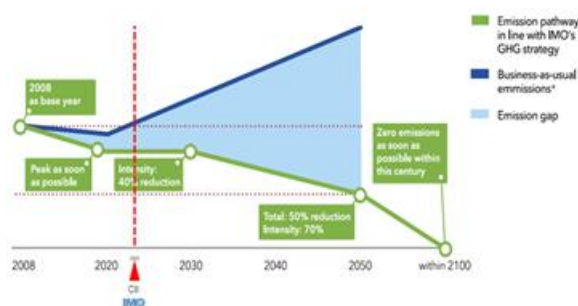
We strongly recommend most accurate forecasts for optimal allocation and uplift planning as well as preventing infrastructure bottlenecks (related to availability of truck, rail, barge power, but also equipment).

Please expect the situation on all trades to remain subject to continuous changes.

For 2022, overall, a modest market growth is expected. It is anticipated that all trades will show a positive growth between 1 and 5%, also the backhaul trades will be strengthened again. On the supply side however, the expected vessel deliveries of some 750,000 TEU capacity for 2022 remains behind last year's numbers. The current idle capacity is a record low with 0.5%.

Coupled with the ongoing congestion in the main regions and the missing upgrade of infrastructure, the actual delta on demand and supply remains highly in favor of the demand. In consequence, the current high-rate level scenario is to remain in place throughout the entire year to come. Further tightening on supply and hence increasing the delta towards demand is expected from the IMO2023 regulation addressing the carbon emissions of every vessel.

## Compliance with IMO's GHG strategy IMO's Carbon Intensity Factor II

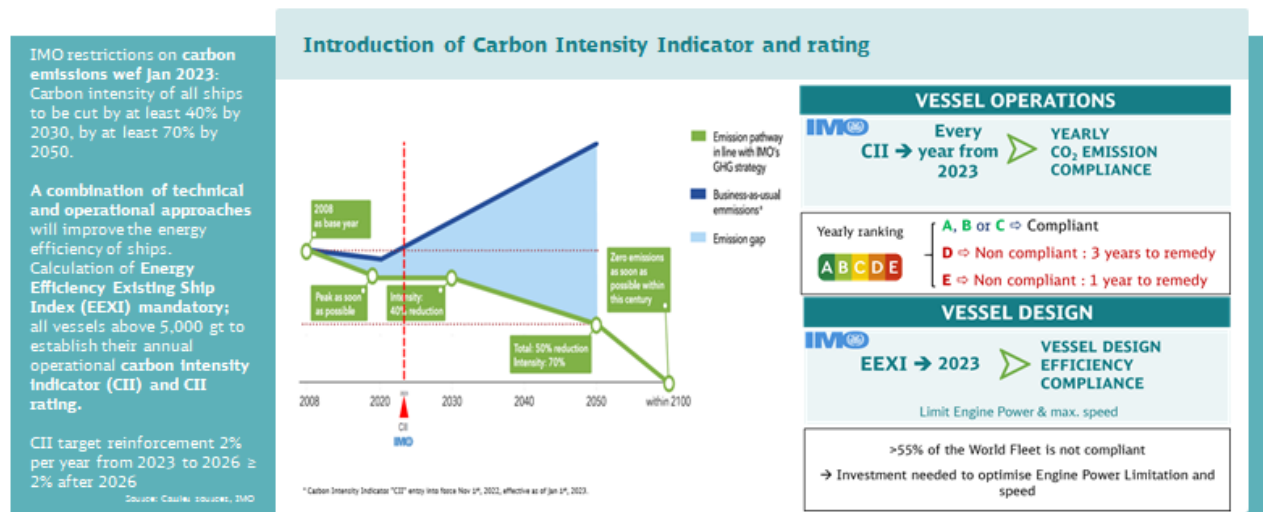


- \* In 2020, the IMO 2020 0.50% sulphur limit entered into force - cutting total sulphur oxide emissions from shipping by over 75%.
- \* In June 2021, IMO adopted key short-term measures aimed at cutting the carbon intensity of all ships by at least 40% by 2030, by at least 70% by 2050.
- \* These measures combine technical and operational approaches to improve the energy efficiency of ships. All ships will have to calculate their Energy Efficiency Existing Ship Index (EEXI), ships over 5,000 gt will establish their annual operational carbon intensity indicator (CII) and CII rating, ie ships will get a rating of their energy efficiency - A, B, C, D, E - where A is the best.
- \* Following actions are expected to be direct consequences: Speed reductions (slow calling), increased use of renewable power sources (wind, solar power), increased low carbon fuel usage

Source (graphic left): Hapag-Lloyd. Source (graphic right): IMO

## Compliance with IMO's GHG strategy by Jan 2023

### Biggest enabler to comply: speed reductions



Source (graphic left): Hapag-Lloyd. Source (graphic right): IMO

With an uncertain outlook on vessel utilization and partly huge impacts on port terminals, we need to prepare for changing schedules and transit times, sudden / unexpected delays in uplift, increased bottlenecks of equipment availability, inconsistent departures and sudden surcharges possibly resulting in higher costs for the supply chain.

### Our experts in Ocean will support and guide for

- SchenkerOcean **strategic carrier partnerships** to ensure access to equipment and space on all trades.
- **Volume forecast and allocation planning:** through access to volumes on all alliances and consultative volume planning (allocation match based on customer forecast) we ensure proper prioritization.
- **Conversion from SchenkerOcean FCL to LCL** to ensure uplift of faster required part loads.
- **Resilient and sustainable shipping possibilities** through mixed SchenkerOcean carrier portfolio.
- Various cargo storage options (using own or contracted warehouses and store goods accordingly to ease the rush of cargo at the same time).
- **Use of inhouse options for airfreight, rail freight and combined modes of transport options.**
- Alternate FCL shipping options via breakbulk (on multipurpose vessels).

### Europe

(Mar 15, 2022) - All European Ocean Freight Branches are fully functioning operationally.

### Asia Pacific

(Mar 15, 2022) - Further to the market situation update as highlighted within Global Ocean Freight section of this advisory, the following pertains to the operational situation in the APAC Regional Clusters:

## **General APAC Region SITREP**

### **ANZ Cluster**

→ There are no major changes from previous updates. In Australia, there is continued congestion and disruption due to COVID-19 and inclement weather, and as a result we are experiencing service disruptions to the local ocean freight market including terminal congestion and competition to secure vehicle booking slots. In New Zealand, the nation is on a red traffic light status with Government restrictions in place to slow the spread of COVID-19. Recovery efforts due to the heavy rainfall and flooding last week in Queensland and Northern New South Wales are also taking place.

### **India Sub-Continent Cluster**

→ No major operational changes or updates from previous advisory on COVID-19 impact.  
→ COVID-19 situation in China resulting in city wide lockdowns will have a ripple effect on multiple trade lanes, as trucking and cargo handling capacities due to workforce availability are being impacted at major China ports in Area South and East.  
→ The ongoing war in Ukraine will also have a significant impact on capacity, operations, costs, due to mode conversions from Air and Land, as well as from sanctions imposed and compliance requirements.

### **Greater China Cluster**

→ **Our GC offices continue to operate as usual. However, we remain cautious about the potential impact brought by escalating COVID-19 rates.** Currently, government regulations in order to contain and manage the COVID-19 outbreak are mainly issued by the local administrations. Thus, specific measures and impact may vary across locations:

**China East area:** Strict COVID-19 prevention and restriction measures implemented in some locations resulting in shortage of trucking drivers and truck capacity. The transportation, including pre-carriage, on-carriage, as well as domestic transportation and international land-bridge, etc, are affected by the COVID-19 prevention and restriction measures announced by the government associations. Delays are expected.

• **Container gate-in to terminals and container deliveries to surrounding cities have been disrupted, delays have been seen more frequently than before.**

• **Cargo pickup delay or suspension happens frequently which ultimately will likely lead to containers missing cut-off time and offloading eventually.**

**China South area (including Hong Kong S.A.R):** The COVID-19 situation in Hong Kong S.A.R remains very critical, Shenzhen announced lockdown from Mar 14 to Mar 20, followed by Dongguan announcing its lockdown from 12:00 AM Mar 15 to Mar 20. Logistics movements and productions have been impacted by the citywide lockdown.

• **Ocean LCL / BLP / warehouse are closed as per the regulation from local government. Yantian port remains open but with reduced capacity and lower productivity.**

**China North area:** Some cities have announced citywide lockdown, which includes Changchun, Jilin, Weihai and Langfang.

Pick-up and delivery are constrained in some locations within Beijing, Tianjin, Hebei, Shenyang, Zhengzhou and Shandong. Nucleic acid test reports within 48hours validation is mandatory for the drivers when picking up in those areas.

### **Southeast Asia Cluster**

→ No major updates from previous advisory. While COVID-19 containment measures are easing, equipment shortage continues to put pressure on the ocean freight operations. Alternative, multimodal, options are available to circumvent. Speak with your DB Schenker contact person about the options to ship by air or change the Port of Loading. Alternatively, use domestic/cross-border trucking combined with Ocean Transportation. We

now also offer land and rail services from Thailand, Malaysia and other Southeast Asia countries to China, via Vientiane in Laos, using the new “Laos – China” Railway. See [here](#) for more information.

Northeast Asia Cluster situation is still being monitored closely as COVID-19 rates remain high. Should there be any specific account operational effects, updates will be provided to our DB Schenker Account Management teams where necessary. We recommend being in close contact with your DB Schenker Account Managers for any further details.

COVID-19 variants still pose a clear and present risk for operational disruptions in our network. Our approach remains unchanged with priority focusing on the health and safety of our workforce, as well as remaining vigilant in monitoring the situation to mitigate risk and events with potential impact to operations in all our APAC countries. In addition, the war in Ukraine will also be expected to have both direct and indirect impact on operations and business in the near term, with trade compliance and sanctions coming into effect.

Our Ocean operations continue to be available to support customer needs. Delays could be expected in customs clearance and transportation. Stop-gap measures will be deployed where necessary.

→ Do reach out to your respective DB Schenker representatives for support or solutions where required.

To receive APAC daily customer advisories in your mailbox, please subscribe [here](#).

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### Middle East/Africa

**(Mar 15, 2022)** – DB Schenker is fully operational and available to manage the current demand from customers even though an equipment shortage has been seen in the region. For more detailed market updates related to Middle East and Africa, please click here (PDF).

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### Americas

**(Mar 01, 2022)** – A lot of pressure still ex South America for all outbound trades: Tight equipment, in particular on the East Coast of South America, overly full ships. Pressure on allocation and equipment availability will continue in the coming weeks. Increased market demand for main commodities will continue, depending on the rate exchange which so far is looming a positive trend for exports in coming months.



## 3. Land Transport

### Global

**(Mar 15, 2022)** – Europe Land is fully operational and available for business, managing existing COVID-19 constraints in European countries. Asia gives a heterogeneous picture with most countries fully operational and available for business while a few countries (such as India) are facing challenges, however operating. Asia Landbridge (China to Southeast Asia) as well as Eurasia Landbridge (China – Europe Train) are fully operating, although facing congestions. Land operations in the Americas are also showing constraints, but still working close to normal.

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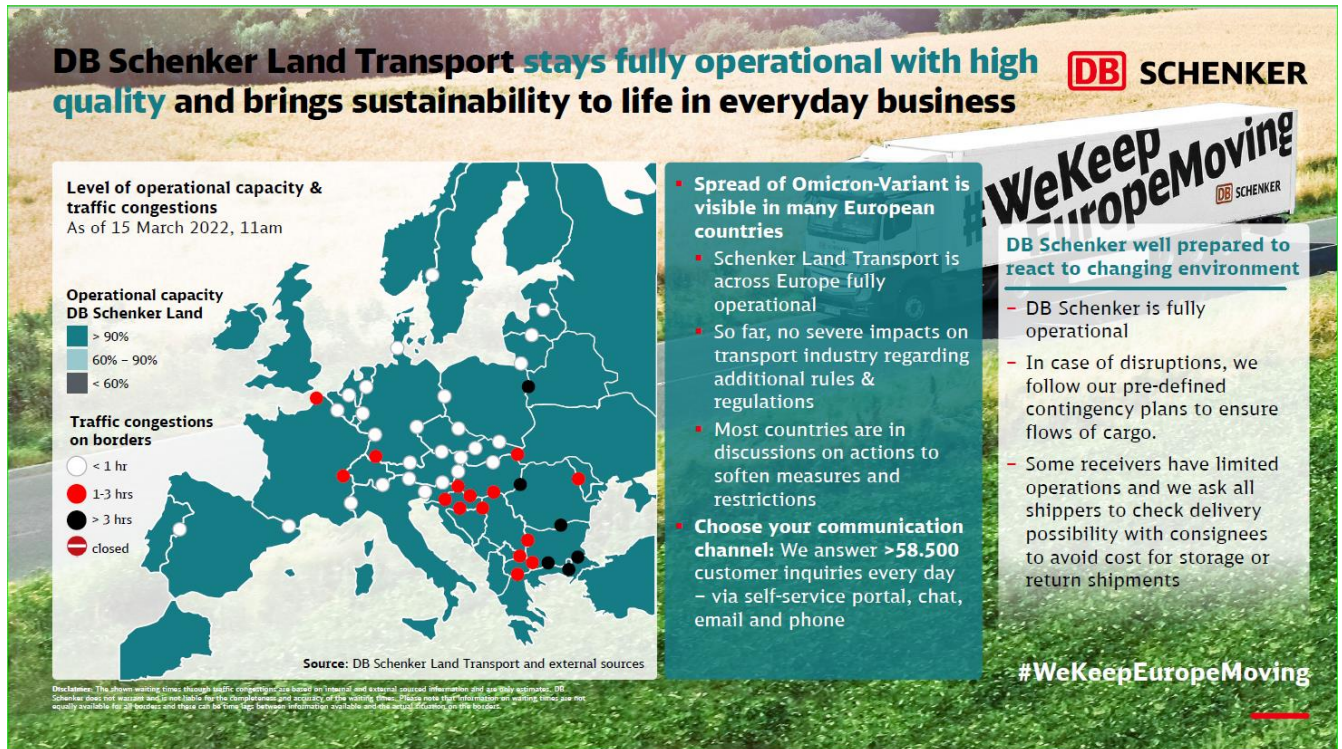
### Europe

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contingency plans to ensure flows of cargo as much as possible. In addition, we are adapting our transport service offerings daily to the needs of our customers.

[Find the latest European Land Transport updates here.](#)



Are you up-scaling or down-scaling your business activity in response to the changing market environment? DB Schenker Land Transport is your partner with one of the strongest and most resilient networks across 40 countries in Europe. Moreover, with our digital channels like [Connect4Land](#) we offer a 24/7 entry point to our transport services, easy to use from everywhere, every time - Click. Ship. Done.

## Asia Pacific

(Mar 16, 2022) - Our **Domestic Land** product continues to provide our regular high level of service. The situation is deteriorating in China whilst stabilized across the remainder of APAC. We continue to closely monitor the local situations which could lead to delays.

**Congestion remains problematic for our Asia Landbridge service out of, and into China. The main borders, PingXiang and DongXing were closed March 5 and March 11, respectively due to increasing COVID-19 cases. These borders are expected to open March 18. Truck scarcity continues to plague operations between Thailand and Malaysia as companies try and catch up with production. The remaining intra-Asia FTL / LTL road service is generally running to schedule.**

Note that the **Chinese government mandated substitute drivers are the only ones authorized to operate in border zones and come at an additional cost. Additional labor and associated domicile costs are also required to strategically avoid lengthy quarantine periods for our international drivers.**

DB Schenker staff at **Asia Landbridge** border offices continue to ensure lead-times are minimized through "triage" prioritization.

However, Customers are strongly urged to coordinate any volume spikes with their DB Schenker Account Manager as early as possible.

**Our newly launched rail service between Kunming China and Vientiane Laos is providing customers with an alternate mode to circumvent the unpredictability of the Chinese borders.**



## Border gateways observations March 2022

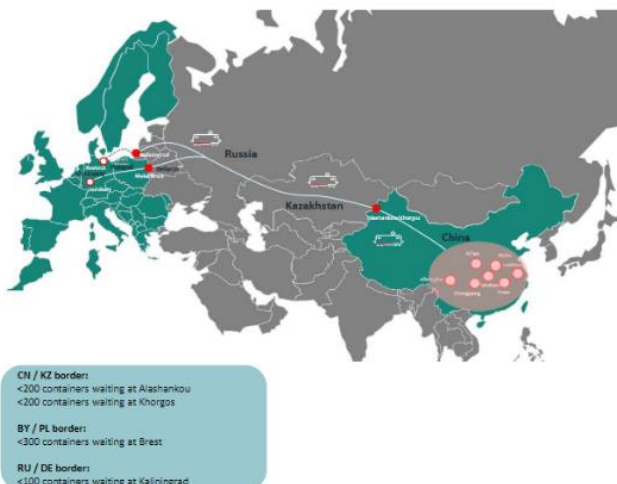
Border name:	Status	Condition	Covid test needed on driver (Y/N)	Any other challenges	
SG (Tuas) > MY (TKP)	Open	Smooth	No	No challenges at all	Green
MY (TKP) > SG (Tuas)	Open	Minor jam	Mandatory Covid test for all drivers	Still manageable	Green
MY (BKH) > TH (Sadao)	Open	Traffic jam (periodical around 3 KM long)	No Covid test required for this traffic	Might cause late arrival for BKK shipment	Amber
TH (Sadao) > MY (BKH)	Open	No traffic jam	No Covid test required for this traffic	No challenges	Green
TH (Mukdahan) > LA (Savannakhet)	Open	Smooth	Every TH have to get a SWAP TEST certificate on hand with the validity of 7 days. Additional SWAP test is required at LA Savannakhet.	No challenges	Green
LA (Savannakhet) > TH (Mukdahan)	Open	Smooth	No requirement on SWAP test	No challenges	Green
LA (Dansavann) > VN (Laobao)	Open	Smooth	No requirement on SWAP test	Still manageable	Green
VN (Lao Bao) > LA (Dansavan)	Open	Smooth	No requirement on SWAP Test	Still manageable	Green
VN (Huu Nghi) > CN (Pingxiang)	Open	Busy traffic	• Every CN normal driver and substitute driver needs to get negative results of SWAB TEST with the validity of 24 hours.	PXG border closure since 5/Mar until further notice 700+ trucks stranded at VN parking yard. Processing leadtime for PXG import: TBA Additional 1-2day delay with import Covid test requirement on import cargo and incoming CN truck for LoLo. Current VN queue number processed: 1100	Red
CN (Pingxiang) > VN (Huu Nghi)	Open	Busy traffic	• Every CN normal driver and substitute driver needs to get negative results of SWAB TEST with the validity of 24 hours.	PXG border closure since 5/Mar until further notice 2300++ trucks stranded at PXG border. Processing leadtime for PXG direct export: TBA Processing leadtime for PXG FTZ transfer: TBA New update to VN customs system since 21-Feb with estimate 1-2 day delay	Red

## Border gateways observations March 2022

Border name:	Status	Condition	Covid test needed on driver (Y/N)	Any other challenges	
CN (DOX) > VN (MOC)	Close	Manageable traffic	• Every CN normal driver and substitute driver needs to get negative results of SWAB TEST with the validity of 24 hours.	Processing leadtime - TBA.  New registration requirements entry into DOX - Drivers with Green color journey record with "asterisk" mark need to pre-register its entry into DOX 1 day in advance.  About 7 hours delay from the temporary suspension on 23-Feb.  Temporary 14 days closure of DOX border started from 24-Feb until 09-Mar with mandatory stay-at-home quarantine notice for all DOX people.	Red
VN (MOC) > CN (DOX)	Close	Manageable traffic	Yes	Processing leadtime - TBA.  New registration requirements entry into DOX - Drivers with Green color journey record with "asterisk" mark need to pre-register its entry into DOX 1 day in advance.  About 7 hours delay from the temporary suspension on 23-Feb.  Temporary 14 days closure of DOX border started from 24-Feb until 09-Mar with mandatory stay-at-home quarantine notice for all DOX people.	Red

Congestion levels are improving on our **Eurasia** service for Rail and Road. Please refer below:

### Border Situation



#### Overall border crossing lead-time is improved

Alashankou /Khorgos operates smoothly. As well as in European side both Malaszewicze(improved!) and Kaliningrad are now having short border crossing lead time in parallel.

According to GPS record, the reloading operation at PL/BY border are running as normal.

#### Border delay:

- CN / KZ Border : Alashankou / Khorgos border 0-4 days
- CN / MN Border : Eriian border 7+ days
- CN / RU Border : Manzhouli border 7+ days
- BY / PL Border : Mala / Brest border 2-3 days
- RU / DE Border : Kaliningrad / Rostock border 2-3 days

The war in Ukraine is expected to have both direct and indirect impact on operations and business in the near term, with trade compliance and sanctions coming into effect as well. Please do refer to [Ukraine Crisis Update | DB Schenker in Europe](#) for updated information.

We strongly recommend checking estimated lead times with your DB Schenker Account Manager.

→ To receive APAC daily customer advisories in your mailbox, please subscribe [here](#).

### **General APAC Region SITREP**

#### **ANZ Cluster**

→ There are no major changes from previous updates. Case numbers and isolation requirements for casual and close contacts continue to cause temporary strains on staffing resources. The heavy rainfall and flooding we have experienced in Queensland and Northern New South Wales has further exacerbated this. In New Zealand, the nation is on a red traffic light status with Government restrictions in place to slow the spread of COVID-19.

Recovery efforts from the heavy rainfall and flooding last week in Queensland and Northern New South Wales are also taking place.

#### **India Sub-Continent Cluster**

→ No changes from previous updates. COVID-19 containment measures are easing. Operations are running smoothly for PAN India.

The ongoing war in Ukraine will also have a significant impact on capacity, operations, costs, due to mode conversions from Air, as well as from sanctions imposed and compliance requirements.

#### **Greater China Cluster**

→ **Our GC offices continue to operate as usual. However, we remain cautious about the potential impact brought by escalating COVID-19 rates.** Currently, government regulations in order to contain and manage the COVID-19 outbreak are mainly issued by the local administrations. Thus, specific measures and impact may vary across locations:

**China East area:** Strict COVID prevention and restriction measures implemented in some locations resulting in shortage of trucking drivers and truck capacity. The transportation, including pre-carriage, on-carriage, as well as domestic transportation & international land-bridge, etc, are affected by the COVID prevention and restriction measures announced by the government associations. Delays are expected.

• **Trucks from Shanghai to Jiangsu and Zhejiang provinces need to be registered before picking-up, nucleic acid test reports within 24 hours validation is mandatory to submit from the drivers. Thus, delivery time increases 1-2 days more than normal.**

**China South area (including Hong Kong S.A.R):** The COVID-19 situation in Hong Kong S.A.R remains very critical, Shenzhen announced lockdown from March 14 to March 20, followed by Dongguan announced its lockdown from 12:00 AM March 15 to March 20. Logistics movements and productions have been impacted by the citywide lockdown.

• **Limited pick-up and cross border trucking capacity between Hong Kong / Shenzhen / Dongguan.**

**China North area:** Some cities have announced citywide lockdown, which includes Changchun, Jilin, Weihai and Langfang.

Pick-up and delivery are constrained in some locations within Beijing, Tianjin, Hebei, Shenyang, Zhengzhou and Shandong. Nucleic acid test reports within 48hours validation is mandatory for the drivers when picking up in those areas.

- **All logistics parks are closed in Changchun, only trucks with special permit transportation and drivers with nucleic acid test reports within 48hours validation can enter in/leave Changchun.**
- **All the works and operations in Weihai and Zibo are all stopped, only trucks with special permit for transportation can enter in/leave.**

#### **Southeast Asia Cluster**

→ No change from previous updates. There are no significant impacts on the operations or delays. Our teams continue to apply stringent COVID-19 health and safety protocols in our operations across Southeast Asia. We now also offer land and rail services from Thailand, Malaysia and other Southeast Asia countries to China. via Vientiane in Laos, using the new “Laos – China” Railway. See **here** for more information. for more information.

The Northeast Asia Cluster situation is still being monitored closely as COVID-19 rates remain high.

COVID-19 variants still pose a clear and present risk for operational disruptions in our network. Our approach remains unchanged with priority focusing on the health and safety of our workforce, as well as remaining vigilant in monitoring the situation to mitigate risk and events with potential impact to operations in all our APAC countries. In addition, the war in Ukraine will also be expected to have both direct and indirect impact on operations and business in the near term, with trade compliance and sanctions coming into effect.

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#### **Middle East/Africa**

**(Mar 16, 2022)** - Land transportation may be delayed in some countries due to additional checking. In some parts of the GCC, cargo movement has been restricted to food and essential items.

Please get in touch with your DB Schenker Account Manager for more details.

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#### **Americas**

**(Mar 16, 2022)** –

- USA: Customers and Carriers have adjusted and back to the “new” normal.
- Brazil: Commercial activities are working normally. Customers are working normally.
- Canada: Carriers and customers operating normally.
- Argentina: Commercial activities are working normally. Commercial activities are working normally.
- Chile: SAI / VAP port working with delayed because of congestion.
- Mexico: No capacity at Ciudad Juárez for Northbound. In addition, the FSC is starting to go up.



## **4. Contract Logistics**

### **Global**

**(Mar 16, 2022)** - While noticing increasing infections and hence governmental restriction, especially in Greater China, our operations and customer services remain stable. There is no change in monitoring the situation in all regions very closely to remain agile. We continue prioritizing the protection of our staff and having dedicated labor management to keep our customers’ businesses running. Also, we do continue to focus on dedicated guidelines and preventive measures, having individual BCP’s in place.

For short-term support we keep up our customer service offering on short note:

- In case you need temporary space, or any additional services, reach out to your DB Schenker Account Manager or local contact person!

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## Europe

**(Mar 16, 2022)** - All sites in our operations in Europe currently remain fully operational with precautionary measures in place for the health of workers.

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## Asia Pacific

**(Mar 16, 2022)** - The following pertains to the operational situation in the APAC Regional Clusters:

### **General APAC Region SITREP**

#### **ANZ Cluster**

→ There are no major changes from previous updates. Case numbers and isolation requirements for casual and close contacts continue to cause temporary strains on staffing resources. In New Zealand, the nation is on a red traffic light status with Government restrictions in place to slow the spread of COVID-19.

Recovery efforts from the heavy rainfall and flooding last week in Queensland and Northern New South Wales are also taking place.

#### **India Sub-Continent Cluster**

→ Operations at our sites in the country are running smoothly, ensuring all COVID-19 safety protocols, sanitization, and hygiene of areas are regular.

#### **Greater China Cluster**

→ **Our GC offices continue to operate as usual (remotely where applicable). However, we remain cautious about the potential impact brought by escalating COVID-19 rates.** Currently, government regulations in order to contain and manage the COVID-19 outbreak are mainly issued by the local administrations. Thus, specific measures and impact may vary across locations:

**China East area:** Strict COVID-19 prevention and restriction measures implemented in some locations resulting in shortage of labour. Specific details on impact from these COVID-19 prevention and restriction measures announced by the government associations are still being consolidated. Delays are expected.

**China South area (including Hong Kong S.A.R):** The COVID situation in Hong Kong S.A.R remains very critical, Shenzhen announced lockdown from 14 Mar to 20 Mar, followed by Dongguan announced its lockdown from 12:00 AM of 15 Mar to 20 Mar. Logistics movements and productions have been impacted by the citywide lockdown.

**China North area:** Some cities have announced citywide lockdown, which includes Changchun, Jilin, Weihai and Langfang.

Constraints are evident in some locations within Beijing, Tianjin, Hebei, Shenyang, Zhengzhou and Shandong. Nucleic acid test reports within 48hours validation is mandatory for labour in those areas.

- **All logistics parks are closed in Changchun,**
- **All the works and operations in Weihai and Zibo are all stopped**

**Notably, several major Electronic and Automotive Manufacturers have suspended activities and operations in affected areas, hence ripple effect is anticipated on supply chain operations globally.**

#### **Southeast Asia Cluster**

→ No change from previous updates. We currently do not experience any operational disruptions due to COVID-19. All operations are still on-going with some delays due to the increase in Omicron cases throughout the region. All preventive measures are taken to minimize impact. So far, operations have not been directly

affected. To ensure a safe work environment, office and warehouse visits are restricted to an absolute minimum.

Northeast Asia Cluster situation is still being monitored closely as COVID-19 rates remain high.

COVID-19 variants still pose a clear and present risk for operational disruptions in our network. Our approach remains unchanged with priority focusing on the health and safety of our workforce, as well as remaining vigilant in monitoring the situation to mitigate risk and events with potential impact to operations in all our APAC countries. In addition, the war in Ukraine will also be expected to have both direct and indirect impact on operations and business in the near term, with trade compliance and sanctions coming into effect.

While governmental imposed restrictions in APAC countries continue at varying levels, our service levels so far are maintained with our CL operations available to support prevailing customer needs, in compliance with local regulatory requirements. Delays may be expected due to availability of workforce and enforced hygiene and monitoring SOPs.

Should there be any specific account operational effects, updates will be provided to our DB Schenker Account Management teams where necessary. We recommend being in close contact with your DB Schenker Account Managers for any further details or further support if necessary.

- For India, please refer to our [India website](#) for detailed information via download.
- For most recent updates on Australia, please refer to our Australia [website](#).
- To receive APAC daily customer advisories in your mailbox, please subscribe [here](#).

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## Middle East/Africa

**(Mar 15, 2022)** - All DB Schenker contract logistics facilities in MEA are operational as per the appropriate health and safety standards and other regulations levied by the local government.

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## Americas

**(Mar 14, 2022)** - Our warehouses continue to operate with precautionary measures in place for the health of our people and hence keeping up our customer services. At a country level, recent changes due to the pandemic remain volatile hence we continue to closely monitor the situation daily.

- **USA: All operations in the USA remain operational with precautionary measures in place for the health of our people and delivery of services to our clients. We see minimal business disruptions as a result of COVID-19 absenteeism at this stage, but we caution, and precautionary measures remain in place.**
- Mexico: All Contract Logistics sites in Mexico remain operational. COVID-19 numbers are normalizing hence now have a low absenteeism rate and yet we are doing as much as possible to minimize the impact to our personnel and facilities.
- Canada: All Contract Logistics sites in Canada remain operational with health and safety measures in place for the safety of our associates and customers. As of January 31, public health restrictions in response to Omicron continue to loosen. All sites remain operational, compliant, and managing labor constraints effectively.
- Brazil: All Contract Logistics sites remain operational in Brazil. Disruptions due to COVID-19 are minimal at the moment and the stabilization trend continues and counter measures are kept in place. Measures to reduce the risk of contamination continue to be the standard while adhering to public and company health and safety measures. Concern with a possible surge in cases is present as Carnival holidays approach, although festivities were cancelled in most regions of the country.



## 5. DB Schenker Organizational Update

DB Schenker is closely monitoring the COVID-19 developments globally. In our locations across all continents, we have taken action to protect our employees, customers and business. Implementation of strict safety and hygiene measures, such as extended mobile office arrangements, continuation of common preventative/mitigation measures, various vaccination or test offers, is given. Depending on regionally deviating pandemic situation, adequate procedures are established and adjusted based on need to ensure the continuation of business.

The next update will be sent on **March 30, 2022** (or earlier should there be significant developments).

The newsfeed on our website [dbschenker.com](https://dbschenker.com) offers links and downloads supporting the topics of this document.

***Thank you for your patience and support.***

***DB Schenker COVID-19 Customer Advisory Team***

Disclaimer: We have used our utmost care in providing the information above. While the information above has been provided to the best of our knowledge and ability, the DB Schenker Group does not assume any liabilities arising from this information or the use thereof.