

# **Customer Advisory**

## **on COVID-19**

**Feb 26, 2020**

**We are closely monitoring the COVID-19 outbreak while striving to recover, resume, and complete business continuity without delay. Please contact local KWE offices in your area for more detailed information on our operations.**

### **I. Personnel Updates**

The health and safety of our customers, partners, employees are a top priority for KWE Group. The following three basic measures are in place for our sites and offices based on our business continuity plan.

- ( i ) Measures to prevent infection of the Covid-19
- ( ii ) Measures to prevent the infection spread of the Covid-19
- ( iii ) Measures to treat those infected or suspected of infection

### **II. Market Updates**

#### **A) Situation in China**

After extended Chinese new year holidays, shortage of human resources in many industries is still not improved yet. We see it will take some time that factory production resume to be normal.

Related to our freight forwarding and logistics industries, public services and operation such as customs house and airport/sea port services resume to normal. However, trucking services including container drayage/return is suffering from shortage of drivers. Good thing is closure/restriction of cross-province expressways are getting eased gradually. International forwarding services is affected by many cancellations of airline schedule and void/blank sailing.

## B) Airfreight

Around 30% of space capacity of airfreight for in/out China is squeezed by flight cancellation and change of aircraft type. The limited space capacity is giving impact supply chain lead times.

Respective China and overseas airfreight contacts are ready to provide the latest market situation and to offer the best possible solutions in order to meet customers' needs and requirements, by procuring additional space from several commercial and charter airlines.

## C) Sea Freight

For outbound from China, many vessel schedules are cancelled.

China bound shipments are threatened by rate increased and additional surcharge imposed. Especially, Port Congestion Surcharge (PCS) by some liners will give significant impact to reefer cargo customers.

## D) Bonded Logistics service in China.

Bonded operation and customs clearance at major FTZ/BLP in Shanghai and Dalian resume normal service level except domestic truck arrangement. Pick-up/delivery operation is not stabilized yet.

## III. Operational Updates

KWE offices in Greater China resumed work on Feb 26 as listed below amidst the restrictions and quarantine requirements imposed by some local authorities in China.

Status	Company / Branch
Open	Guangzhou, Zhongshan
Open (Limited Operation)	Shanghai, Suzhou, Wuxi, Hangzhou, Ningbo, Nanjing, Hefei, Qingdao, Zhengzhou, Yantai, Beijing, Shenyang, Dalian, Xi'an, Xi'an Log, Tianjin, Chengdu, Xiamen, Fuzhou, Shenzhen, Dongguan, Zhuhai, Hong Kong

Close (Application is being processed)	Chongqing (expected on Mar-02)
Close	Wuhan (expected on Mar-11)

- The operation might be limited even in the resumed area due to the temporary manpower shortage.
- This information might change due to further situation in China / announcement from Chinese governments.