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Ladies and Gentlemen,

In light of the current situation, we would like to provide you with an overview of the latest market developments regarding ocean freight. Additional work and higher costs are something that we, like many others in the sector, are struggling with, but we are doing our utmost to ensure that we manage these developments with our customers in mind.

Reasons for the current conditions

Strong economic growth and major changes in the ocean freight market (including new shipping company alliances) are just two reasons why there has long been an imbalance between supply and demand in this particular market. Processing issues at a number of ports around Europe exacerbate the situation further. At Antwerp and Rotterdam, container throughput requires 96-120 hours. The underlying reasons are varied and impossible to identify with certainty. Similarly, customs clearance for imports at Hamburg suffers from severe delays, and, as a result, there will continue to be a backlog of clearance applications at the city's port.

In addition, unforeseen events such as the recent cyberattacks and the storm front that affected northern Germany on June 22 have had a severe, negative impact on rail connections to and from the ports, adding to preexisting problems. These incidents have slowed operations down for weeks following the actual event itself.

Container processing at seaports

In addition to the above-mentioned problems, the situation regarding container processing for inland shipping has deteriorated so much at Antwerp and Rotterdam that almost all barge and terminal operators have imposed a surcharge at these locations. The Bremerhaven terminal is also severely overfilled. Maersk and MSC have therefore decided that they will fully unload ships from Asia (AE 10 westbound service) at Wilhelmshaven in the coming weeks, and this will

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probably continue until the end of September. While this measure is expected to reduce delays when processing consignments, we nevertheless believe that operations will still run behind schedule. As a result, unscheduled additional costs could arise during approval and follow-up handling of Asian imports.

The ensuing changes that operators make to pre- and post-carriage container services and rising demand for ocean freight capacities cause delays and bottlenecks affecting all forms of transportation. Overland haulage has seen further deterioration due to the large number of recent public holidays and the start of summer vacations. Low discharge on the Rhine during summer also makes it difficult to tackle the backlog at seaports by increasing hinterland shipping capacities.

These difficulties also affect the container terminals, where there can be delays in the approval process for empty containers along with equipment shortages. Hinterland terminals in southern Germany (Kornwestheim and Ulm) are particularly badly hit: Ulm has currently ceased accepting freight as the facility currently has no storage capacities.

Late cancellation fee

Low ocean freight capacities have resulted in a drastic increase in long-term advance bookings with shipowners, with these reservations often being canceled at short notice. This second factor has forced many shipping companies to levy a late cancellation fee to cover additional costs. DB Schenker is maintaining close communications with shipping companies to keep these unexpected additional costs as low as possible.

Constant dialogue with you will also be a key factor in ensuring that we can minimize this exceptional situation's potential impact on you.

We would therefore ask you to notify your DB Schenker contacts of consignments at the earliest possible date. We will be only too happy to provide you with support concerning alternative transportation options to ensure that your supply chain remains stable. Should you have any questions about the situation currently affecting ocean freight services, please do not hesitate to contact us.

Your team at Schenker Deutschland AG