



March 4th, 2020

Improving situation:

Businesses and transportation continue to return to China, and we are summarizing the current status to protect your supply chain.

The general situation with travel restrictions relieved further and continues to improve in China. Also, Jiangxi province and Chongqing have cancelled the numerous roadblocks that have been in force.

Drivers can now travel faster between cities with more efficient handling at the lesser health checks that remain in force. Some areas still have some checkpoints and quarantine actions in effect, but the situation keeps improving.

NGL Offices:

NGL offices in China have resumed operations.

Factory production:

Except for Hubei province, other areas continue to return to operations.

Further factories have returned this week, and the capacity keeps increasing at the started factories with more workers to reinforce production capacity after travel and quarantine.

Many factories still operate with reduced capacity & workforce but improving each week. Several cities implemented 14 days of quarantine for workers returning from outside towns before they can resume working.

The larger-scale factories have returned faster and to a greater extent than the SME during this process.

We expect the deliveries from China factories will remain low during most of March.

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Region	Factories Current Status
Tianjin	90% of factories returned to operations this week
	Several factories operate with reduced capacity because some workers are not back yet
Dalian	90% of factories return to operations this week
	Several factories operate with reduced capacity because some workers are not back yet
Fuzhou	90% of factories return to operations this week
	Several factories operate with reduced capacity because some workers are not back yet
Xiamen	95% of factories return to operation this week
	Several factories operate with reduced capacity because some workers are not back yet
Guangzhou	90% of factories resumed operations
Shenzhen	Several factories operate with reduced capacity because some workers are not back yet
Hong Kong	Operating
Shanghai	Shanghai - Estimated 95% of factories started
	Zhejiang - Estimated 85% of factories started, restricted capacity & limited workers
Ningbo	60-70% of factories resumed production
	65-75% of workers returned, some factories still operate with reduced workforce
Qingdao	90% of factories returned to operations
	Several factories operate with reduced capacity because some workers are not back yet

Status:

The major limitation for transportation has been the reduced capacity of truckers combined with road closures. The situation is now much improved from the prior week. Transportation within cities and provinces is currently running again.

Travel restrictions were relieved further this week, and we noticed an increase in bookings for shipping space by Ocean, Air, and Rail. Reefer containers are still in shortage.

The demand for Rail and Air has increased for the coming weeks, as factories try to crawl back lost time from production halt and search faster transport options.

Ocean shipping, we expect space to be tight when factories ramp up production. In contrast, ocean carriers announced to cancel sailings. Ocean carriers will “blank” 58 sailings from Asia to Europe and the same number of cancelations on Asia to the USA during Q1. Space and equipment will be in shortage.

Region	Operation	Resume	Current Status
Hong Kong	Ocean Carriers	January 29	Operation as normal.
	Trucker	January 29	Operation as normal.
	Road Closures	January 29	Operation as normal.
	Warehouse	January 29	Operation as normal.
	Customs	January 29	Operation as normal.

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Region	Operation	Resume	Current Status
Shanghai	Ocean Carriers	February 3	Operation as normal. Blank sailings announced.
	Trucker	March 3	Much improved situation from prior week. 95% of truckers are back to service. Some limitation for out of city truckers.
	Road Closures	March 3	Highways and roads are open, Zhejiang highway is also open.
	Warehouse	February 3	Operation as normal.
	China Customs	February 3	Operation as normal.
Ningbo	Ocean Carriers	February 17	Blank sailing announced.
	Trucker	March 3	70-80% of trucking capacity returned.
	Road Closures	March 3	Highways open in Zhejiang. Wenzhou/Taizhou are also open for local trucking; truckers need "green passport".
	Warehouse	February 17	Operation as normal, advance appointment.
	China Customs	February 3	Operation as normal.
Qingdao	Ocean Carriers	February 3	Operation as normal. Blank sailing announced.
	Trucker	February 3	Keep improving, 90% of service resumed. Pickup within city is normal, out-of-city pick-up and truckers are improving, limited capacity.
	Road Closures	March 3	Highways open. Local cities keep some restriction for out-of-town vehicles and drivers.
	Warehouse	February 3	Operation as normal.
	China Customs	February 3	Operation as normal.
Tianjin	Ocean Carriers	February 3	Blank Sailings announced.
	Trucker	February 3	Keep improving, 90% of service resumed. Pickup within city is normal, out-of-city pick-up and truckers are improving, limited capacity.
	Road Closures	March 3	Highways open. Local cities keep some restriction for out-of-town vehicles and drivers.
	Warehouse	February 3	Operation as normal.
	China Customs	February 3	Operation as normal.

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Region	Operation	Resume	Current Status
Dalian	Ocean Carriers	February 3	Blank sailings announced.
	Trucker	February 3	Keep improving, 90% of service resumed. Pickup within city is normal, out-of-city pick-up and truckers are improving, limited capacity.
	Road Closures	March 3	Highways open. Local cities keep some restriction for out-of-town vehicles and drivers.
	Warehouse	February 3	Operation as normal. In advance appointment is required.
	China Customs	February 3	Operation as normal.
Fuzhou	Ocean Carriers	February 3	Operation as normal. Blank sailings announced.
	Trucker	March 3	Keep improving, 95% of the drivers are back to service. Pickup within city is normal.
	Road Closures	March 3	Highways are open.
	Warehouse	February 10	Operation as normal, pre-noted before delivery.
	China Customs	February 3	Operation as normal.
Xiamen	Ocean Carriers	February 3	Operation as normal. Blank sailings announced.
	Trucker	March 3	Keep improving, 95% of the drivers are back to service. Pickup within city is normal.
	Road Closures	March 3	Highways are open.
	Warehouse	February 10	Advance booking required, some with limited opening hours.
	China Customs	February 3	Operation as normal.
Guangzhou & Shenzhen	Ocean Carriers	February 10	Operation as normal.
	Trucker	March 3	Within cities is back to normal, some limitations for out of city trucks.
	Road Closures	March 3	Most open, within city areas are back to normal.
	Warehouse	February 10	Operations resumed.
	Customs	February 10	Operation as normal.

*Warehouse service: advance appointment is required in Chongqing and Nanjing.

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Airfreight:

Freight capacity is limited, more than 40 airlines reduced/suspended passenger flights to/from China, causing a limited belly-hold space. Freighter aircraft will return to the market and increase capacity once factories are back in operations. More than 25,000 flights/week are cancelled since the start of the outbreak.

With the returning market demand, we expect carriers to gradually return capacity to the market. Please check our team for the latest availability.

Operator	Normal Operation	Reduced Operation	Cancelled Operation
AA			X All flights China & Hong Kong, until 24 April
AC		X Flights to Beijing & Shanghai, until late 27 March	
AF	HK		X Flights to China to 15 March
AY			X Flights to China Feb 6 – Mar 28
BA			X Flights to China until further notice
CX		X 50% reduced capacity to China	
DL			X All flights to China, to end of April
EK	X HK	X Freighter operate PVG and CAN Belly hold from BJS	PVG passenger flights
EY	X BJS		X PVG
JT			X
LH	X Hong Kong	X Freighters reduced ops BJS / PVG	X All China passenger flight to 28 March
QR		X Freighters reduced	X All passenger flights to China, from 3 Feb
RS			X
SK			X Flights to PVG, BJS to 29 March, flights to Hong Kong only
VS	X Hong Kong		X Shanghai, until 28 March,
UA			X BJS, PVG, CTU, HKG to 28 April

* All Airlines are subject to change without prior notice or warning.

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Rail Freight:

Except for the Wuhan region, most pickup and roads are open and working at normal or “near to normal” levels. Space for rail service has recovered strongly.

Rail service has proven to be the more reliable option for international transports during the whole situation in February. Demand is high and keeps rising for rail service, with the space getting tight for March departures, shippers should make timely bookings.

Region	Resume	Status
Wuhan	Until further notice	Service suspension
Zhengzhou	Operation as normal	Resumed service
Xian	Operation as normal	Resumed service
Hefei	Operation as normal	Resumed service
Chongqing	Operation as normal	Resumed service
Xiamen	Operation as normal	Resumed service
Chengdu	Operation as normal	Resumed service

Sea – Air and International Trucking:

For available best options for Sea-Air, connect with your local NGL contact for the best possible options.

Demand increasing for faster options such as Sea-Air and Rail, international trucking gradually returns for service.

TIPS FOR YOUR CHINA SUPPLY CHAIN PLANNING

Actions:

- ✓ Check orders planned for shipping during February & March.
- ✓ Identify and inform your forwarder and factory for urgent cargoes.
- ✓ Consider alternate shipping modes, as an example, to transfer shipments from Ocean to Rail, either full or partial loads.
- ✓ Expect further blank sailings and reduced air capacity as the effect of factories closed for an extended period.
- ✓ Once factories are back in operation, the market is likely to receive peak demand with space shortage.
- ✓ Communicate with your forwarder & factory of your requirements.
- ✓ Inform your customers of the situation and of possible delays in the supply chain & deliveries.

Talk to your local NGL contact or email to HongKong@normanglobal.com for planning and arrangements.

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