



**Dear Valued Customers,**

With the announcement on the enhanced community quarantine imposed in the entire Luzon, the government had released some additional guidelines and amendments.

Following this development, we would like to highlight some relevant information about how this impacts our business operations, and share our next plans as we manage this situation together.

### **PH General News Updates**

Local authorities reiterated that only businesses providing “basic necessities” will allow operating normally such as hospitals and similar medical facilities; supermarkets and groceries; pharmacies and drugstores; services offering food preparation and delivery operations; manufacturing operation for food and drugs/medicines; banks and money remittance services; utility services (e.g. power, water, telecommunication); business process outsourcing and export-oriented operations.

Authorities already released specific guidelines and requirements on the cargo-related movement here to ensure the delivery of these basic necessities will be unimpeded.

There have been checkpoints in several key cities in between the borders of Luzon and Metro Manila to ensure limited movement.

**For Land Transport:** There has been a report of significant shortage in supply of trucks and drivers as trucking companies are concerned with the travel restrictions especially when crossing borders between Luzon provinces and Metro Manila. There were also reports of long queues and screening procedures by the military and police for cargo trucks. Clearance through checkpoints are still not consistently executed.

**For Airfreight:** Local carrier Cebu Pacific announced the suspension of flights from March 19th until April 14th in support of the quarantine regulations. Several international carriers (such as Cathay Pacific, Etihad, Saudia, Qatar, KLM ) also advised flight cancellations. The situation is still very much fluid as discussed with airlines, many of which are still closely assessing the situation and viability of flight operations.

**For Ocean Freight:** We share earlier that an additional Cargo Entry Withdrawal Permit (CEWP) is required for port in/ out. It has now been confirmed that issuance of CEWP has been suspended hence cargo trucks to and from Luzon will no longer be required to secure a permit from the port authorities and terminal operators.

Several shipping lines (APL, CMA CGM Group, Evergreen, HMM, RCL, Sealand, SITC, Yang Ming) announced they are business as usual but in skeletal operations.

Some Container Freight Stations (CFS) have reported operating business as usual (e.g. Dassad, Goldwyn, PCIC); few are in skeletal operations (e.g. Oceanlink, Pac-Atlantic).

Co-loader companies (e.g. Eculine, Globelink, Vanguard) announced they will also be in skeletal operations.

Port terminals in Manila and Batangas, including freeport zones (e.g. Subic), are fully operational. Customs authorities also announced normal operations.

**For Visayas and Mindanao:** Currently, these regions remain business as usual. However, we are expecting that local government of Cebu will announce to heighten its travel restrictions given its first confirmed COVID-19 case yesterday. Local authorities in Davao and Cagayan de Oro have also reported tighter screening inspections.

### **Schenker PH Updates**

Following our initial advisory yesterday, Schenker Philippines adjusted its business operations based on our customers' key products or services if aligned with the list of basic necessities allowed by the government to remain operational at this time of crisis.

In our initial reach to our customers regarding your status of operations, we have been informed that some of you will remain operational given the exigencies. We thanked you for your feedback and appreciated your fast call to action. While not yet mandated by regulation at this stage, we encouraged customers who will continue operations to provide us a certification on your company letterhead, confirming your ability to continue operation (based on government exemption) and authorizing Schenker and our appointed service providers to transport and execute your requirements on behalf. This will help us reduce any risks of delay and interruption during inspections and screen checks.

The situation remains volatile. We seek your continued consideration and understanding as we adjust to meet your needs in compliance with regulatory changes.

Our logistics operations reported about twenty percent (20%) reduction in their workforce due to concerns on commuting with the suspension of public transport; 20 of our 44 sites across Luzon continue to operate.

Our land transport team experienced delays in our initial truck deliveries due to long queues and screen checks by the authorities. Most of our trucking suppliers denied to provide services at this time with these tighter restrictions. Some of our key logistics personnel and warehouse staff experienced much inconvenience and delay with the stringent screen checks by their local community leaders. Some personnel were rejected clearance to pass through and are not able to reach office and sites.

We remain committed to work with our existing suppliers on how we can keep our service requirements to you. While we want to do our best to meet our usual service commitment, we appreciate your understanding that the circumstances may comprise your usual service expectations with us.

At this stage, the port authorities and carriers continue to charge for Storage, Demurrage and Detention, based on existing guidelines. We advised customers to ensure these are budgeted into your logistics cost, as these are beyond the control of Schenker.

Please reach out to your account and program managers to share your plans and next steps on how we can continue to support you.

We are closely monitoring the situation and will provide significant updates progressively.