

Dear Valued Customer,

Hope you and your families, along with your staff, are in good health.

The ongoing war between Russia and Ukraine is expected to impact the Air and Ocean freight business with latest update from our global office on [Ukraine Crisis Update | DB Schenker in Europe](#). The relevant update from various products will follow: -

- **Air Freight/Ocean Freight**

Ukraine:

- ✓ The EU and US imposed sanctions against Russia in response to the military actions in the region, which will directly impact transport services to/from the Russian Federation.
- ✓ The crisis is expected to impact Crude Oil production and transportation, which will further increase Fuel Prices (Jet Fuel) and push up costs for airlines and freight rates.
- ✓ The European Union Aviation Safety Agency (EASA) said Ukraine's skies and airspace in Russia and Belarus within 100 nautical miles (185km) of borders with Ukraine could pose risks for aircraft and must be avoided.
- ✓ The re-routing of airlines on new routes will likely impact the loadability of aircraft as they will now need to carry more fuel.
- ✓ The Ukrainian crisis is likely to severely impact rail-freight and ocean freight services in the Baltic regions, seeing more ocean-air conversions in the already short supply air cargo market.
- ✓ While the other snowballing effect of this crisis may unfold in the coming days, the situation remains tense and volatile for the air market as we may see some announcements from airlines soon.

General:

- ✓ The imbalance between air cargo demand and supply continues with the shortfall in wide-body passenger aircraft's restriction in India.
- ✓ Indian authorities allowed the resumption of international passenger flights from 27th March after restrictions of more than two years.
- ✓ No major airlines have announced new flights coming into India and passenger flights will only slowly resume as passenger confidence builds up.
- ✓ Russia-Ukraine crisis saw a direct capacity impact of approx. 15%-20% between EU-North Asia while most European carriers saw flight time increase by an average of 2 hours.
- ✓ Russia-Ukraine crisis effects are already being seen on Fuel prices both crude & Jet Fuel and roughly 20% increase in seen from Feb till Mar already and is expected to spike further.
- ✓ Major airlines like Lufthansa, Emirates, and Cathay announced an increase in Fuel surcharges ex-IN already, more carriers to follow soon and the same effect is noticed globally.
- ✓ Many countries continue to flight COVID-19 at different stages with resultant effects on the workforce at airport terminals truckers and some limitations on operational ability at major cargo hubs.
- ✓ Airspace bans of Russia and restrictions, or avoidance of neighboring airspace has impacted huge capacity impacts from EU to North Asia and re-routing of flights to India. The overall crisis has put pressure on operational costs for airlines; impacts include- crew rotation issues/delays, abrupt flight cancellations, load restrictions for long haul flights (due to an increase in fuel loads)

- ✓ The Russia-Ukraine crisis is also expected to increase demand for the ocean to air conversions in short/medium term as rail/road/vessel movements impact the Baltic region.



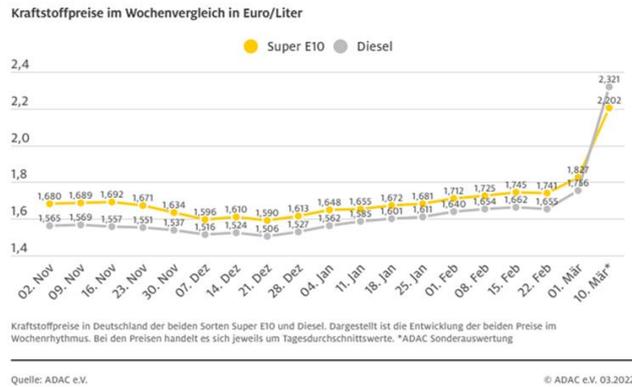
Intra-Asia:

- ✓ The capacity to Intra-Asia is tight with higher demand and limited capacity.
- ✓ North Asia to EU capacity is hit hard due to Russia-Ukraine capacity, which is expected to snowball effect globally available cargo capacity in the medium term.
- ✓ Strict lockdowns have been imposed in various provinces and cities across China as the country saw a spike in Omicron cases; this has resulted in some delays in trucking overall cargo handling at major airports – PEK, PVG, CGO, etc.
- ✓ Cargo movement between South China regions (SZX, DGM, CAN, XMN etc.) to HKG is impacted due to COVID-19 impact as truckers found positive, by some estimated approx. 70% of trucking capacity is impacted.
- ✓ The current situation in other SEA countries remains challenging due to COVID-19 and another local capacity/demand factors however look stable in the short term.

Europe & Transpacific:

- ✓ Various carriers' abrupt flight cancellations for different reasons continued – Turkish, Lufthansa and others causing a sudden dip in available capacity pushing up rates and increased uplifts and connections for majorly Westbound traffic.
- ✓ Increase in fuel prices apart from putting pressure on airlines operating costs are now putting pressure on trucking companies on costs and soon price revisions are expected for first/last mile and line-haul operations, in the previous 1-2 weeks, the diesel prices in Germany have spiked by 30%+
- ✓ Swiss Airlines (LX) started flying back ZRH-DEL after more than one year gap with three flights a week.
- ✓ Airlines put load restrictions for long-haul traffic due to longer routes and more fuel to be carried – some impacts on the rate increase to US & EU are already seen and may further climb if the war situation continues.
- ✓ Structural challenges across all major hubs in the USA continue as the country deals with labor shortages at airport terminals to process cargo, due to which overall transit times and cargo handling capacity have not improved.

- ✓ The more significant effects of global financial and corporate sanctions on Russia remain to be seen in both medium terms and long term.



Source - ADAC (Allgemeiner Deutscher Automobil-Club)

- Ocean Freight

India to Europe

- ✓ Rate increase announced from 1st March, marking the level of approx. USD 8K for Exports by almost all the carriers
- ✓ 2 Blank sailings on IEX service Ex-South India for the month of March, which will bring capacity issues and backlog.
- ✓ Antwerp Port of Call has been omitted from the IOS service.
- ✓ Grapes exports did not pick up as expected.

India to Transpacific

- ✓ There are regular changes / Omissions in the Port Rotation on almost all the various services.
- ✓ IN2 Vessel skipping New York and Indamex is skipping Savannah & Charleston
- ✓ Booking strictly on the allocation available with the carriers
- ✓ Congestion at USWC is 2-3 weeks, with more than 100 vessels waiting to berth.

India to MEA

- ✓ The mainline carriers have reduced Red Sea Ports / Gulf ports capacity due to the internal shifting of the vessels to another long-haul trade.
- ✓ Hapag has brought 2 Adhoc vessels due to the heavy demand from the market after the increase in the rates by the NVOCC, however, the service is open Ex Mundra only.
- ✓ Carriers prioritize the Equipment for the long-Haul trade like Europe / Transpacific.
- ✓ Min waiting period of 2-3 weeks of the advance forecast is essential to get the booking.

India to Far East

- ✓ Freight levels are stable as of now.
- ✓ Due to the congestion in Singapore / Colombo, vessel blanking is regular.

China to Far East

- ✓ Freight rates are stable now; demand has not picked up as expected.
- ✓ The market expected to be slow in the coming weeks as well

- Contract Logistics

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

- **Land Transportation**

Operations are running smoothly for PAN India.

- **Bangladesh Overview**

- ✓ Bangladesh, UAE likely to sign at least four MoUs during 'Bangladesh Prime Ministers visit
- ✓ UAE finds Bangladesh food processing industry promising for investment
- ✓ Bangladesh-Indonesia can gain mutual trade benefits - President of Bangladesh Garment Manufacturers and Exporters Association
- ✓ Export sees 30.86% growth in July-Feb of FY22 - Export Promotion Bureau (EPB) data shows.

COVID SITUATION:

- ✓ Bangladesh has registered 03 death & 233 new infections in the last 24 hours.
- ✓ The current positivity rate is 1.88 percent while the total positivity rate stands at 14.29 percent.
- ✓ The total number of Covid-19 deaths in the country now stands at 29,111 and the mortality rate stands at 1.49 percent.
- ✓ The mask mandate and other health rules will continue to remain in effect.
- ✓ All educational institutes are open now, but everyone must follow strict hygiene protocols.

Air Freight (Bangladesh):

- ✓ Overall, cargo movement is stable, but the rate will increase from APR onwards due high demand.
- ✓ Transit time from HUB to US, Canada & EU become longer than previous.
- ✓ FSC increased by \$0.10/KG has been increased due to Russia War
- ✓ Expected transit time to US destination 6-7 days & EU 4-5 Days.

Sea Freight (Bangladesh):

- ✓ Patenga Container Terminal is ready to go into operation in July 2022, having a handling capacity of 145 million TEUs in a year
- ✓ Chittagong Port sets a record in container handling goods transport in 2021.
- ✓ Despite disruptions by transport strikes and the coronavirus pandemic, Chittagong Port has set a record in container handling. It handled more than 3.2 million TEU and goods transport in 2021, with an overall growth of 13 percent year on year.
- ✓ Average berthing delays: 01~02 days
- ✓ To reduce the terminal congestion, the Chittagong port authority will increase the storage charge from this month.

Land Transportation (Bangladesh):

- ✓ The vehicle's rate is increased around 10% on the Bangladesh side due to the government's high fuel price.
- ✓ Border crossing lead time 22-25 days between India & Bangladesh
- ✓ Approx 3000 vehicles are in the Petrapole queue. The average daily movement of cars from India to Bangladesh is +/- 450.

- **Global update:**

Please refer to the [global COVID updates on the corporate website.](#)

Feel free to contact us at marketing.india@dbschenker.com for any support. Let us maintain social distancing, but we can remain digitally close.

Wishing you a safe & healthy period.

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