



19 March 2020

To all our stakeholders,

**Air and sea freight rates and capacity**

The effects of the COVID-19 pandemic can be seen across the globe, financial markets are under huge pressure and governments are resorting to extreme measures during this challenging time. What effect does this have on cargo, both air and sea freight?

- Restrictions of and cancellation of flights, first passenger and now some cargo only flights.
- Unstable shipping schedules for sea freight cargo, resulting in cargo being rolled/transferred to later sailings.
- Container imbalance – meaning that in certain parts of the world there is a container deficit. This normally results in shipping lines implementing a container imbalance surcharge. We have already seen some shipping lines implementing these.
- Rate increases on both air freight and sea freight as carriers scramble for cargo. If we use air freight as an example. Reduced capacity means there will certainly be a back log of cargo. If also places airlines in a unique position they can almost demand what ever price they want. Similar to when there was the volcanic eruption in Iceland a few years ago.

It's impossible for us to see how this will unfold, this situation is unique to us all. We will endeavour to keep you all informed of any developments that may impact both your business and ours.

Kind Regards

A handwritten signature in black ink, appearing to read "Lance Firmani".

Lance Firmani  
General Manager  
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