

OLYMPICS MEMO AND CONTINGENCY PLAN

Vol.4, Jun. 2008

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Facts of Beijing Olympics

Olympics, Aug 8 - Aug 24

Description	Details
Opening / Closing	Aug 8 / Aug 24
Locations	Beijing Football: Shanghai, Shenyang, Qinhuangdao, Tianjin Sailing: Qingdao Equestrian: Hong Kong
Sport / Events	28 / 302
Gold Medals	302
Athletes	10708
Competition Venues	31 in Beijing / 6 outside Beijing
Olympics Village officially opens	July 27



Facts of Beijing Paralympics

Paralympics, Sep 6 - Sep 17.

Description	Details
Opening / Closing	Sep 6 / Sep 17
Locations	Beijing, Qingdao, HongKong
Sport / Events	20 / 471
Gold Medals	471
Athletes	4000
Competition Venue	1 in Beijing, 1 in Qingdao, 1 in HongKong
Paralympics Village officially opens	Aug 30



Official regulations on Paralympics to be published. The regulations and impact of Paralympics can be referred to those of Olympics

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Traffic Control (1/2)

- **Emission Standard Regulation in Beijing**

- From Jul 1 to Sep 20, all registered cars need to pass an inspection where a green or yellow label will be given as a result. Cars should meet the emissions standards to get a green label.
- From Jul 1 to Sep 20, cars with yellow labels will strictly be prohibited running in Beijing.
- From Jul 1 to Sep 20, no entry permission for non-local diesel cars that can't meet Euro III norm and gasoline cars that can't meet Euro II.

- **Traffic Control in Beijing, Tianjin**

- From Jul 1 to Jul 19, Beijing requires that 30% cars of all companies need to be off load.
- From Jul 20 to Sep 20, the odd/even plate number control will be actualized in Beijing.
 - 1) From Jul 20 to Aug 27, odd/even plate number control will be actualized within Beijing District. 70% cars of all companies need to be off load.
 - 2) From Aug 28 to Sep 20, odd/even plate number control will be actualized within 5th ring and Badaling Highway, Jing-Cheng Highway, Airport Highway. 70% cars of all companies need to be off load.
- Similar traffic control will also be implemented from Jul 25 to Sep 25 in Tianjin, detailed regulation to be announced.

Traffic Control (2/2)

- **Regulations on Cargo Trucks**

- From Jul 1 to Sep 20, non-local cargo trucks are prohibited from entering Beijing City. Cargo trucks destined to Beijing direction will be prohibited onto highways as from Zhangjiakou and Chengde and guided to skirt around Beijing.
- From Jul 1 to Sep 20, trucks with transport licenses can run within 6th ring of Beijing city during AM 0:00 – AM 6:00 without odd/even plate number control, and run outside 6th ring all day according to odd/even plate number control.
- The control area would be reduced to within the 5th ring road during the Paralympics.
- Cargo trucks with Olympic Permits can run in designated areas and designated time.

- **Cargo Pickup and Delivery**

- Cargo can't be delivered in certain designated areas (most likely within 1 or 2 miles around Olympic stadiums) as there is access limitation for vehicles without access permit.

- **Cargo overweight will be strictly checked.**

- **Certain measures will be imposed on car parking time and waiting time in certain areas.**

Safety Control

- **Security Inspection in Terminal/Airport**

- From 31 Mar, all cargo must go through security inspection machine as per requirement from CA Terminal, BGS Terminal & Hongyuan Consolidation Warehouse.
- Cargo which can not go through security inspection machine (e.g., oversized or odd-sized cargo, etc) has to be kept in Terminal for over 24 hours and checked manually for security purpose.
- Air cargo with batteries such as mobile phones and laptops is requested by Beijing BGS terminal to be accompanied with non-dangerous goods certificate, and unpacked for inspection in some case.

- **Customs Inspection**

- Olympic goods will be treated separately with normal goods by Customs authorities.
- Beijing Customs and inspection authorities would raise the inspection ratio from current 5% to 10-30% on the import commodities during the Olympics period. For export, there would be a pre-inspection before customs declaration. (no official notice)

Dangerous Cargo Restrictions – Domestic Transport

Domestic Transport

- The domestic transport of Dangerous Goods would be strictly controlled and investigated in all cities. There is no official restriction on DG domestic transport so far for other Olympic cities except Beijing and Shanghai
- Beijing has issued an official announcement that Beijing will strictly control the transport licenses for 257 items of chemical products from May 1 to Oct 17.



Tentative List

- Shanghai has issued an official announcement that Shanghai will stop issue any license for Dangerous Goods transportation to Beijing and other Olympic cities from Jul 1 to Aug 22. Transportation within Shanghai city shall be approved by authorities in advance.

Dangerous Cargo Restrictions – Air Freight

Air Freight

1. Official notice from CAAC and Polices stated that six airports of Olympic cities, Shanghai, Beijing, Tianjin, Shenyang, Qinghuangdao, Qingdao, are forbidden to handle dangerous goods (except of very limited special approval), during the time from 01 July to 30 September, 2008.
2. High-level dangerous goods* transport at airports of other cities shall be approved by CAAC authorities in advance and required to follow specific control policies such as packing rules, monitoring during receival and delivery, regular reports to local police etc.
3. Please check the attached document for details.



DG embargo_CAAC

► Important Reminder

- **Please check with airlines and shipping lines as they may have their in-house restrictions tighter than government requirements.**

Dangerous Cargo Restrictions – Ocean Freight

Ocean Freight

- Recent information was received that suggests there will be a prohibition on the discharge, loading or transport of dangerous goods at a number of ports/cities listed below from Jun 1 through Oct 1. Hazardous cargo arriving during that period will most probably be quarantined at designated warehouses.
- The cities affected are reported to be Beijing, Tianjin, Xingang, Qinhuangdao, Shanghai, Shenyang, Qingdao, and Hongkong.
- The local police are planning to apply a dangerous goods control policy to prevent dangerous goods from being transported within these cities during the time period mentioned. The policy is expected to be strictly enforced. Companies will need to make security provisions for their goods on a 24 hour basis and report these arrangements to the local police each day.
- We are monitoring the situation and will provide updates as we receive them.

► **Important Reminder**

- **No official announcement except Shanghai Port.**
- **Check with carrier on case by case basis.**

Dangerous Cargo Restrictions – Ocean Freight

Ocean Freight

1. **Shanghai:** Shanghai sea port authorities has issued an official announcement that Shanghai Port will stop handling certain dangerous goods from July 18 to Aug 31.

Prohibited from July 18 – Aug 31, 2008

- Fireworks or other explosives – class 1
- Organic peroxides- class 5.2
- Toxics – class 6.1
- Radioactive material – class 7
- Hydrogen peroxides – class 5.1(8) UN2014, UN2015, UN1511
- Acetone- class 3 UN1090, UN1091
- Sulphuric acid - class 8 UN1830, UN1831, UN1832, UN2796
- Nitric acid –class 8 UN2031, UN2032
- Hydrochloric acid – class 8 UN1789
- Ammonium nitrate and related fertilizers – UN2067, UN2071, UN3375, UN2426
- Other materials which need to be clarified with carriers / government authorities case by case

Dangerous Cargo Restrictions – Ocean Freight

Ocean Freight

2. **Qingdao:** No written announcement. Only verbal notices from local custom that they will reject all DG cargos import from 1 Jun till mid. Oct.
3. **Tianjin, Shenyang, Beijing, Qinhuangdao :** No formal notice has been issued by port authorities yet.
4. **Hong Kong :** Marine Department advised that they neither impose nor plan to impose any additional restriction.

Air Quality Protection

- **Polluting Factories Shutdown:** Government's statement outlined plans for shutdown or emission reduction of heavy polluting factories around Beijing from 20 Jul to 20 Sep for air quality protection
 - 20 enterprises around Beijing notorious for heavy pollution are requested for a 30 percent reduction in emissions. (List in appendix)
 - 
 - 20 companies
 - Enterprises which can not meet emission standards are requested to shut down temporarily.
 - Tianjin and Hebei, Shandong, Inner Mongolia, Shanxi province will also adopt temporary measures to reduce pollution.
- Work at all construction sites around Beijing, including cement and concrete mixing will have to stop on or before July 20. This is unlikely to affect our customers' vendors except for those whose facilities are undergoing construction or major renovation.
- There will likely be some volume variance in Tianjin/Qingdao/Dalian areas due to the Government intention to shift high-polluting industries to inland. Possibly effected industries are Chemicals, Foundry/Furniture, Metals & Minerals

Infrastructure Development

- **Expansion of Beijing, Tianjin and Qingdao Airport**

- **Beijing:** The third runway at Beijing Airport, which can be used for jumbo jets with 125 more plane parking lots, has began operating on Oct 29, 2007. The first phase of Terminal 3 of Beijing Airport has started trial operation on Feb 29, 2008. Upon its operation, the Beijing Airport is expected to carry 82 million passengers a year, against the present annual figure of 35 million passengers. Beijing Airport Bonded Logistics Center also started operation on Aug. 10, 2007.
- **Tianjin** Airport speeds up on airport upgrade. Some major construction projects such as new terminal and warehouse completed for Olympic Games.
- **Qingdao** Airport expansion project completed, including aerodrome section, terminal building and parking apron. After the expansion, Qingdao Airport is capable of transporting 12 million passengers a year and will meet the 4E-level criterion to accommodate large aircrafts like Boeing 747..

- **Terminal removal in Beijing Airport**

- The new **BGS** Cargo terminal construction (60,000m²) was completed in the new Logistic Park. Terminal operation removal schedule may be postponed to Oct 2008 to avoid the possible impact to Olympic Games. Other government authorities such as Customs, CIQ will move together.
- The new **CA** Cargo Terminal construction (70,000m²) was completed in the new Logistic Park, CA will remove to the new facility by the end of 2008.
- The existing cargo terminal (CA & BGS) are far away from the new runway, the cargo haul and handling time are increased, so all the airlines who operated at T3 have announced to advance the flight **cut-off time 2 hours earlier**.
- **Hong Yuan** Consolidation Warehouse remains unchanged.

Carrier Movement

- **Carrier removal in Beijing Airport**

- According to the Beijing Airport terminal removal, carriers are arranged to remove to new terminals by two phases before Feb.29, 2008 and Mar.26, 2008 respectively.
- Detailed carriers allocation arrangement in BJS Terminal 1,2 and 3 has been announced by CAAC on Dec. 19, 2007.

- **Carrier Capacity Increase in Beijing, Tianjin, Qingdao Airport**

- Many carriers have planned to increase frequency and capacity in Beijing, Tianjin and Qingdao Airport. (e.g. China Air, All Nippon Airways, Great Wall, Grand Star, Jade etc.)

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- **Air Freight**

- **Ocean Freight**

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DHL Global Forwarding Contingency Plan

Air Freight:

Alternative Gateways

1. Alternative gateways in Tianjin, Qingdao, Nanjing and Shanghai serving as back-up to mitigate potential risks of volume surge, flight delay and flight cancellation, etc.
 2. Scheduled bonded truck service to support cargo shifting between Beijing and Tianjin Airport.
 3. Scheduled bonded truck service between Beijing and Qingdao Airport.
 4. Scheduled bonded truck service between Beijing and Nanjing/Shanghai Airport.
 5. Trial shipments between Beijing and alternative gateways successfully inaugurated.
- ✓ ***Standard Operational Procedure for using alternative gateways is prepared. Communication matrix will be ready. Please contact DGF Commercial Team for further discussion.***

DHL Global Forwarding Contingency Plan

Air Freight:

Proactive Capacity Management

1. Increase space allocation with major carriers in Beijing Airport.
 2. Block space agreements with new airfreight carriers in Tianjin (e.g. Great Wall, Grand Star, Jade and Air Asia).
 3. Increase space allocation with major carriers in other alternative gateways (e.g. Qingdao, Nanjing and Shanghai).
 4. Space allocation with carriers and truckers on the routes between Beijing and alternative gateways.
- ✓ ***Volume forecast is being conducted to make a smooth transit during Olympics season***
 - ✓ ***Standard Operational Procedure for using carrier space inn Beijing and alternative gateways is prepared. Please contact DGF Commercial Team for further discussion***

DHL Global Forwarding Contingency Plan

Air Freight:

Ground Fleet Management for Pick-up and Delivery

1. Deploy more bonded and non-bonded vehicles with odd/even plate number to double current fleet capacity.
 2. Fleet management plan for vehicles with odd/even plate number is designed and starts to implement to increase efficiency of vehicles.
 3. Route planning in advance to avoid traffic restricted areas.
 4. Full inspection and refit of vehicles to get 'Green Label' and ensure 24-hour vehicle operation.
- ✓ ***A truck fleet with double capacity is set up to support odd / even vehicle plate number regulation***
 - ✓ ***Apply more Olympic Permits for truck fleet***

DHL Global Forwarding Contingency Plan

Air Freight:

Customer communication on earlier delivery of shipment

1. Communicate with customers to make their shipments released and delivered earlier half day than before to avoid delay due to the carriers' flight cut-off time advance in Beijing Airport Terminal 3.
2. Communicate with customers to make their shipments released and delivered earlier half day than before to avoid delay due to the prolonged inspection in CA, BGS Terminal and Hongyuan Consolidation Warehouse.

DHL Global Forwarding Contingency Plan

Ocean Freight:

Keep in touch with carriers to be alerted to the adjustments and make preparation in advance

- Communicate with carriers for cargo rush and space shortage during Olympics period
- Communicate with carriers for restrictions on Dangerous Goods and Odd Size Goods shipments during Olympics period
- Communicate with carriers for requirements/adjustments on documentation, cut off times, sailing schedule, inbound operation during Olympics period
- Design backup routing options in Ningbo, Dalian, Qingdao etc. to mitigate potential risks of volume surge, shipping lines delay or cancellation, etc.

DHL Global Forwarding Contingency Plan

Ocean Freight:

Keep in touch with Customs Brokers for regulations update

- New Customs regulations during Olympics period
- Inspection ratio adjustments during Olympics period

Keep in touch with Truckers for ground fleet capacity management

- Vehicle availability during Olympics period
- Service diameter, transit time
- Restrictions: time, weight, routing, commodity...
- Optional routings
- New (temp) charges

DHL Global Forwarding Contingency Plan

Ocean Freight:

Industries possibly impacted during Olympics period

- Chemicals
- Foundry/Furniture
- Metals & Minerals

Communicate with all accounts

- to inform customers/carriers with new government regulation / restriction if any
- to inform customers/carriers with DGF export plan and make a smooth transit during peak season and Olympics season based on volume forecast

DHL Global Forwarding Contingency Plan

Dedicated Olympics Task Force Team Setup

1. A task force team is set up for internal control and management to ensure smooth operations during Olympics period.
2. The team focuses on information collection, contingency plan preparation & solutions design.

Effective Communication

1. Key operation contacts in major sites for dealing with emergency situations
2. Olympics Memo and Contingency Plan circulated via email on monthly basis and will be published on biweekly basis once the Government releases the detailed regulations and guidelines in April.
3. General Email Address Inquiry.BeijingOlympics@dhl.com setup for inquires regarding general update and contingency plan.
4. Updated Olympics Memo and Contingency Plan can be accessed and downloaded on DHL website:
http://www.cn.dhl.com/publish/cn/zh/information/excellence/DHL_Olympics_Pack.high.html
5. Local Account Management and Customer Service team ready to respond to any individual customer's request on specific solution during Olympics season.



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DHL EXEL Supply Chain Contingency Plan

Enhance details of the plan and improve reaction speed

1. The logistics of Olympics relies on all stakeholders and so the communications and co-operation between the consignee and consigner are very important. Areas such as scheduling in advance, arranging enough workers in the warehouses, receiving goods at night, improving the efficiency of receiving goods, increasing the size of smallest orders, arranging the order as early as possible, planning for emergence situations and receiving unpacked goods are all key areas that need to be planned beforehand.
2. Analysis of the cargo pick up and delivery locations in every city.
3. According to business scope and Olympics policies to work out the resources shortage both for vehicles and labors.

DHL EXEL Supply Chain Contingency Plan

Technical control and management to enhance the efficiency of existing resources

1. Use the GPRS and SMS to enhance the tracking and tracing of vehicles as well as increase the efficiency of vehicle utilization.
2. Require all vendors to inspect the vehicles and make sure the trucks could operate 24 hours during the Olympics
3. Check the certificates and licenses of all providers in advance.
4. Apply the trucking access license.

DHL EXEL Supply Chain Contingency Plan

Standby Warehouse

1. Plan to set up emergency transportation hubs at locations in Tianjin. Preparing the operational plan for the standby warehouse.
2. Also considering setting up warehouse in Tangshan, Baoding to serve as backup of Tianjin warehouse
3. Suspend the plan to set up emergency transportation hubs in Langfang, Yanjiao, Xianghe given the government plans to divert trucks away from Beijing at Chengde, Zhangjiakou of Hebei Province,

Backup Transportation Resources

1. Rent vehicles with odd and even plate numbers.
2. Rent additional vehicles.

Customer communication

1. Communicate with customers before Olympics for: night delivery, lead time prolong and additional cost occurrence caused by traffic restrictions.

DHL EXEL Supply Chain Contingency Plan

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5. Local Account Management and Customer Service team ready to respond to any individual customer's request on specific solution during Olympics season.



The screenshot shows the DHL website interface. At the top, there is a navigation bar with the DHL logo and menu items: 产品及服务, 电子发件工具, 网上工具, 信息, and 新闻. Below this is a red banner with the text '2008北京奥运会DHL应对方案及致客户信 早上好'. The main content area is titled '2008北京奥运会备忘录及应对方案' and contains the following text: '为了在奥运会时期成功提供物流运输服务,DHL成立了专门的项目团队,为客户定制奥运备忘录及应对方案。以下链接为致客户信(中英文)及备忘录/应对方案(中英文)。' and '如有疑问,请发邮件致Inquiry.BeijingOlympics@dhl.com, 或者联系您的客服代表/客户经理。'. There are three links listed: '奥运备忘录致客户信', 'Olympics Contingency Plan', and '北京奥运备忘录及应对方案'. A 'Print this page' button is located at the bottom right of the content area. On the left side of the page, there is a sidebar with a search box for tracking parcels and a list of navigation links: 跟踪快件, 发件建议, 国家详细情况, 常见问题解答, 客户信息, 客户卓越, 案例研究, 体验中心, 卓越的信息技术, and DHL 国内服务范围扩展.

Q&A

- ❑ **Are there any plans or concerns we need to be aware of with regard to the Paralympics scheduled in Beijing from 6th - 17th Sep 2008?**
 - ❖ No specific official regulations published regarding Paralympics. The regulations and impacts of Paralympics can be referred to those of Olympics.
- ❑ **Are there more details about DHL Global Forwarding Contingency Plan on Ocean Freight Product?**
 - ❖ Upon now, there is limited impact on Ocean Freight service from Olympics we can foresee. But we have made ourselves ready to mitigate any impact on Ocean Freight service. Please refer to DGF Ocean Freight Contingency Plan from Page 21.
- ❑ **Do you have enough truck capacity to support pickup during the Olympics? How do you deal with the truck capacity shortage due to the traffic control in Beijing?**
 - ❖ We have already expanded truck resources by deploying more trucks from the vendors including bonded and non-bonded trucks. A truck fleet with double capacity is set up to support odd / even vehicle plate number regulation. We are still making the efforts to secure more qualified trucks. Specific fleet management plan is also worked out.
- ❑ **Are there any possible Customs delays in Beijing airport?**
 - ❖ There may be some delays mainly due to the strict inspection and 2 hrs earlier of carriers' flight cutoff time. But we have make specific contingency plans to eliminate them already. Please refer to page 20 for details.

Q&A

❑ **Are there any regulations regarding Dangerous Goods import/export?**

- ❖ Yes, Dangerous Goods transport will be strictly controlled during Olympics period. Please refer to page 11 for details.

❑ **Is there any impacts to flights, air and land transportation in PVG and HGH? Such as prolonged detention time at terminal caused by intense cargo inspection.**

- ❖ Upon now, no regulations/policies such as traffic control have been published in Hongzhou and Shanghai except for dangerous goods transport restriction, and the same situation in other Olympic cities (except Beijing and Tianjin). There will be limited impact for those cities and other non-Olympic cities during Olympics period.

❑ **How about your capacity arrangement on backup gateways, like TSN and TAO?**

- ❖ We have signed more capacity agreements with carriers in TSN and TAO. We are designing detailed capacity plan with carrier and developing the alternative routes between PEK and the back up gateways TSN, TAO, SHA, NKG etc based on cost analysis. Trial shipments between Beijing and alternative gateways have already be successfully inaugurated.

Operational plan for using alternative gateways is prepared. Please contact DGF Commercial Team for further discussion.

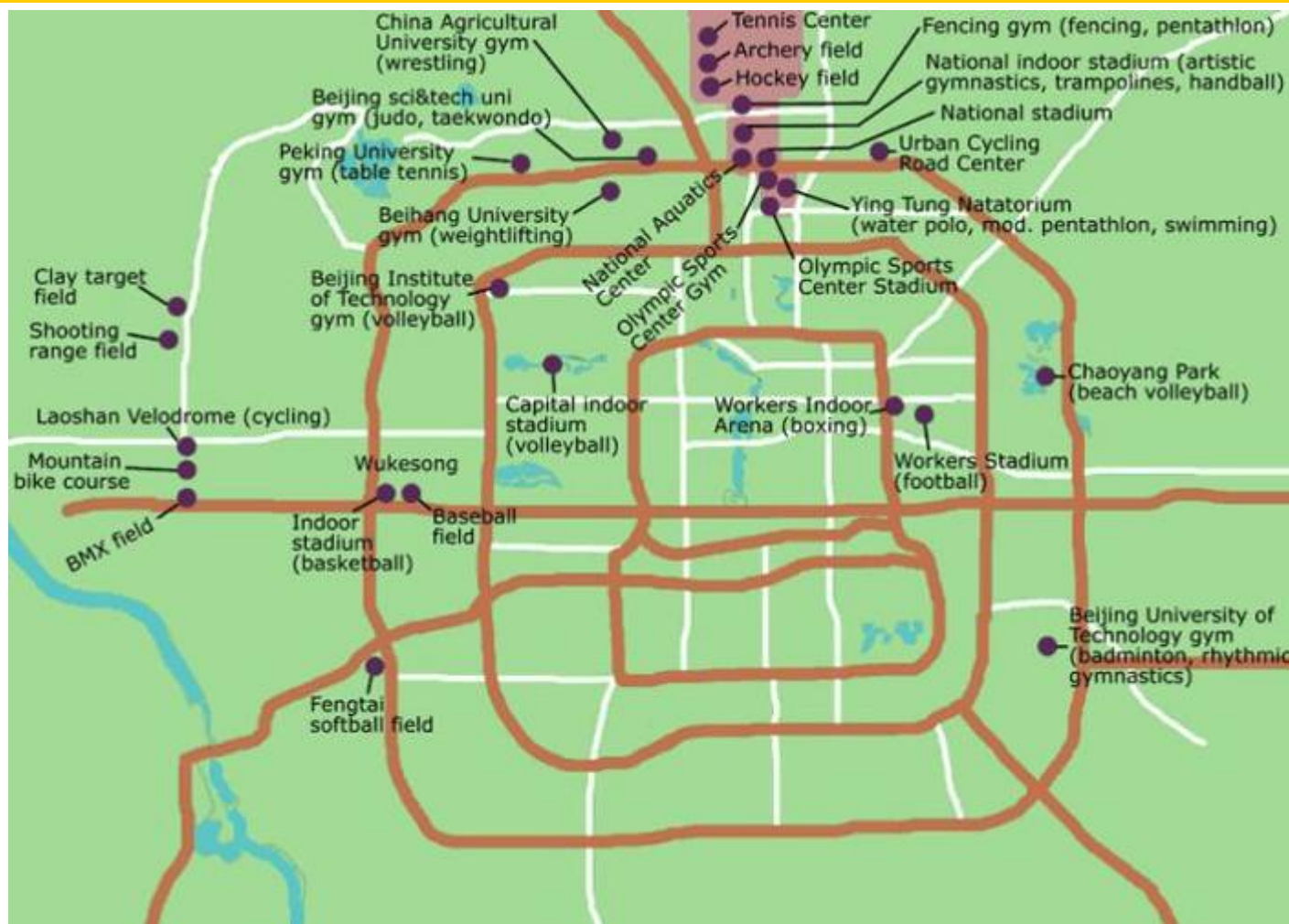
❑ **We have heard that during the Olympic Games in Beijing for all airfreight import shipments to China, the invoices have to be in USD or EUR, is that true?**

- ❖ So far we have not received such notification.

Appendix

Appendix: Beijing Olympics Venue

Total 37 Olympic venues: of which 31 in Beijing



Appendix: Beijing Highway

Map of Beijing Highways



Trucks destined to Beijing direction are to be prohibited on highways as from Zhangjiakou and Chengde. Only state level roads are allowed.

THANK YOU FOR YOUR ATTENTION

For further inquiries , please send email to
Inquiry.BeijingOlympics@dhl.com
for general update and contingency plan or contact your local Customer
Service Representative/Account Manager for specific questions.