

DHL TO DROP DOMESTIC EXPRESS SERVICE

DHL announced today that they will discontinue all domestic express service in the United States at the end of January, undoing the attempt the company started five years ago to create new competition for the world's largest air package carriers in the US. DHL will close all its ground hubs in the United States and will cut a work force that has already been reduced this year by another 9,500 employees. That will leave the company with 3,000 to 4,000 workers to manage 103 stations entirely devoted to international express service.

Data2Logistics has been helping our customers negotiate alternative shipping arrangements in light of the above announcement. Please contact Karin Speaker at 919-550-8103 to learn how we can help you to minimize the cost impact of negotiating alternative service arrangements.

Here are the top 10 Questions and answers you should know about this announcement.

1. What changes are being made at DHL Express USA?

DHL is discontinuing U.S. domestic Express and Ground products within the US only. They will focus their efforts on the international service that DHL is known for around the world. We expect that they will offer an Economy Select International (day definite service) and International Express 9AM and 12PM (time definite services) in early 2009.

2. What will DHL's presence be in the US after these changes?

DHL will focus its U.S. Express business on its International products, services, and capabilities. DHL will continue to operate in the US thru their logistics, global forwarding, mail, and express.

3. When will these changes take effect?

DHL Express U.S. will discontinue all US domestic express and ground services by January 30, 2009. For some customers, service for some products will be discontinued earlier. DHL claims that these customers have been notified of the changes.

4. What will be DHL's position without US domestic express products?

It appears that a continued U.S. presence is essential to their entire Express network: Close to half of their top 200 customers are based in the US and their US trade lanes make up close to half of their global volume. They will maintain gateway operations and customs clearance, including in-house licensed customs broker operations.

5. Is DHL continuing to talk to UPS about a potential agreement?

DHL is still negotiating with UPS for a scaled-down air transport deal in the United States but they left open the possibility it could remain with its existing line haul partners. The U.S. Department of Justice still has ultimate jurisdiction over anti-trust issues regarding the DHL UPS arrangement.

6. Will DHL Express continue to offer domestic express products to customers?

DHL is discontinuing their current Domestic Express and Ground products in the US only. In many countries around the globe, DHL offers and will continue to offer domestic products.

7. Will DHL continue to offer its Same Day service?

The DHL Same Day door-to-door next flight out service will continue to be offered.

8. Will DHL honor pre-paid ShipReady packages after the end date for domestic products in the U.S.?

ShipReady packages received after the end date for domestic express and ground product pick-ups will be returned to the sender. Customers with ShipReady products can be reimbursed by calling the ShipReady Helpdesk at 1-800-514-0351, M-F 8AM – 7PM ET.

9. Can a customer open a DHL Express account for domestic services?

DHL will not open additional accounts for US domestic services.

10. How will DHL Express handle domestic shipments after January 30, 2009?

DHL will return US domestic shipments to the sender after the end date for domestic express and ground products, January 30, 2009. The last day for Saturday pickups and deliveries for domestic shipments will be Saturday, November 29, 2008.