

Erica Krauss

From: CHRUpdates <CHRUpdates@chrobinson.com>
Sent: Monday, March 16, 2020 12:16 PM
Subject: C.H. Robinson - Coronavirus and Transportation Market Update
Attachments: FMCSA Emergency Declaration 3.13.20.pdf; C.H. Robinson Statement Concerning Coronavirus (COVID-19) For Customers and Carriers.pdf

Good Morning Everyone,

First and foremost, we hope everyone is staying safe and healthy across the country. The health of our customers, carriers and employees remain the most critical mission. We also know that supply chains throughout the world play a vital role in reaching consumers during times of need and C.H. Robinson is prepared to step up in any way we can!

During times of crisis it is important that we all understand each other's goals and communicate potential challenges, therefore we want to provide a transportation update regarding the Coronavirus and the potential impacts to the transportation market. Please share this information internally and with key suppliers and customers as you see fit. C.H. Robinson will certainly do our part in communicating with your partners as we come in communication with them. Sorry for the lengthy email, but it is ALL IMPORTANT.

What do we know right now?

- There is going to be disruption. As of today, Monday the 16th, we are already seeing excess demand across our network relative to the available supply. We are still unsure how much disruption will occur throughout the U.S. but we can be sure that with spring demand picking up along with supply decreasing that there will capacity constraints and it will likely get worse before it begins to improve. It will be vital to plan for additional days on inbound material or outbound customer deliveries.
- There is Federal response attached (and details below). The challenge with this situation versus a hurricane for example, is that we are currently unsure where the disruption will occur and what potential lanes /suppliers will be most impacted.
- WHO experts are saying the most vulnerable to the virus are unfortunately boxes that many drivers check off. There will be drivers who will shut down because of this or are temporarily off the road.
- This could potentially push struggling carriers into bankruptcy.

FEDERAL Response Summary

On March 13, the Federal Motor Carrier Administration issued an emergency declaration that impacts Hours of Service rules regulating the trucking industry. While it is common for FMCSA to issue these declarations for loads involved with disaster response (just like in hurricanes and fire response), this declaration may be the most broad declaration they have ever issued. Here is a [link](#) to that declaration.

Current [rules](#) are:

- Drivers can work a 14 hour day, 11 hours of which can be drive time under most circumstances.
- Drivers are required to rest for 10 consecutive hours in order to rest their daily clocks, with a few exceptions.
- Once per week drivers need to take a 34 hour restart where they are off duty. (It's actually every 60 or 70 hours per week but think of it as once per week)

Emergency Suspension Details:

- There are six situations covered by the exemption:
 - (1) medical supplies and equipment related to the testing, diagnosis and treatment of COVID-19
 - (2) supplies and equipment necessary for community safety, sanitation, and prevention of community transmission of COVID-19 such as masks, gloves, hand sanitizer, soap and disinfectants

- (3) food for emergency restocking of stores
- (4) equipment, supplies and persons necessary to establish and manage temporary housing, quarantine, and isolation facilities related to COVID-19
- (5) persons designated by Federal, State or local authorities for medical, isolation, or quarantine purposes; and
- (6) persons necessary to provide other medical or emergency services, the supply of which may be affected by the COVID-19 response.

-The exemption specifically does **NOT** apply to mixed loads that may include covered and non-covered items.

-The exemption specifically **EXCLUDES** "routine commercial deliveries"

-The suspension of HOS rules does **NOT** allow drivers to drive in a condition that endangers the public and they must continue to drive safely and rest when needed.

-It is up to the driver and their company to determine if they are covered by this emergency relief designation. It is our responsibility to properly describe the freight and other aspects of the load that would help in any determination.

Potential Impact by service/mode:

Truckload/flatbed: Could see drivers being pulled out of service. We have also heard that some companies are hesitant to send drivers across country OR to areas that have a higher report of cases (West, Northwest, NY). Additionally, we have had some reports of drivers getting "stuck" at receivers as they closed for Covid-19 and therefore are missing their next pick-ups scheduled.

LTL: So far, throughout our LTL carrier discussions last week, most carriers are trying to operate business as usual. Sales people for LTL carriers have been pulled off the street, and we will likely see some decrease in personnel which could lead to slower processing times. It will be important for us to work closely with terminals to devise plans to best service the needs of customers through LTL networks.

Ocean/air: There is still slow demand as companies/countries are not running at 100%. We are seeing some container shortages because ocean containers are coming into ports as frequently due to the blank sailings. Regarding air shipments, we have seen importers trying to get product quicker, but due to travel restrictions and aircrafts not coming in as frequent, this has caused delays in cargo movement. C.H. Robinson is working on our own charters with our customer's freight to help allow availability to more options, but this is a work in progress.

C.H. Robinson employees will likely be a mix of in office support as well as remote but we are fully staffed and ready to support!

Links to additional resources:

<https://www.cdc.gov/>

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019>

[John Hopkins University Global Cases Tracker](#)

PLEASE LET CHR KNOW IF THERE ARE SPECIFIC PLANS TO CHANGE OPERATIONS OR HOURS AT ANY OF YOUR LOCATIONS SO WE CAN BEST PREPARE ALONGSIDE YOU.

Please stay safe and let us know if there is anything we can help with!



C.H. ROBINSON
ACCELERATE YOUR ADVANTAGE™

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the sender of the e-mail. The sender of the e-mail accepts no liability for any damage caused by any virus transmitted by this email. (IP)

C.H. Robinson Statement Concerning Coronavirus (COVID-19)

We continue to closely monitor developments and the global impact with respect to the Coronavirus (COVID-19).

Our crisis management team has been monitoring the situation, and taking steps to ensure the wellness and safety of our employees while executing against our comprehensive business continuity plans. The team has been providing relevant, timely updates to our employees, customers and contract carriers.

C.H. Robinson remains fully operational around the globe, continuing to service all global and domestic transportation while adhering to government and health regulations. Our scale, technology, and single, multimodal global transportation management system, Navisphere, enable us to continue to support our network of nearly 200,000 customers and contract carriers worldwide.

All of our locations have business continuity plans and strategies in place to allow our employees to work remotely as the need arises. Our global reach and technology position us to adjust operational support as needed to ensure uninterrupted service. We are available to help with production planning and forecasting to ensure you are prepared with strategy and execution support and, if necessary, appropriate mitigation plans.

The safety of our employees and their families continues to be our utmost priority. We recognize this situation remains very fluid. We will continue to monitor the impacts to global and domestic transportation daily and provide updates through [client advisories](#), [social media](#) and short form [blogs](#).

Our global network of experts remains committed to providing the superior service and support that you have come to rely on.





**Federal Motor Carrier
Safety Administration**

March 13, 2020

**EMERGENCY DECLARATION
UNDER 49 CFR § 390.23
No. 2020-002**

THE FIFTY UNITED STATES OF AMERICA AND THE DISTRICT OF COLUMBIA

The President has declared an emergency under 42 U.S.C. 5121, et seq., and pursuant to 49 CFR 390.23(a)(1)(i), an emergency exists that warrants an exemption from Parts 390 through 399 of the Federal Motor Carrier Safety Regulations (FMCSRs), except as otherwise restricted by this Emergency Declaration. Such emergency is in response to Coronavirus Disease 2019 (COVID-19) outbreaks and their effects on people and the immediate risk they present to public health, safety and welfare in the fifty States and the District of Columbia. This Declaration addresses National emergency conditions that create a need for immediate transportation of essential supplies, equipment and persons, and provides necessary relief from FMCSRs for motor carriers and drivers engaged in the transport of essential supplies, equipment and persons.

By execution of this Emergency Declaration, motor carriers and drivers providing direct assistance in support of relief efforts related to the COVID-19 outbreaks are granted emergency relief from Parts 390 through 399 of Title 49 Code of Federal Regulations, except as restricted herein. Direct assistance means transportation and other relief services provided by a motor carrier or its driver(s) incident to the immediate restoration of essential services, such as medical care, or essential supplies such as food, related to COVID-19 outbreaks during the emergency.

This Emergency Declaration provides regulatory relief for commercial motor vehicle operations that are providing direct assistance in support of emergency relief efforts related to the COVID-19 outbreaks, including transportation to meet immediate needs for: (1) medical supplies and equipment related to the testing, diagnosis and treatment of COVID-19; (2) supplies and equipment necessary for community safety, sanitation, and prevention of community transmission of COVID-19 such as masks, gloves, hand sanitizer, soap and disinfectants; (3) food for emergency restocking of stores; (4) equipment, supplies and persons necessary to establish and manage temporary housing, quarantine, and isolation facilities related to COVID-19; (5) persons designated by Federal, State or local authorities for medical, isolation, or quarantine purposes; and (6) persons necessary to provide other medical or emergency services, the supply of which may be affected by the COVID-19 response. Direct assistance does not include routine commercial deliveries, or transportation of mixed loads that include essential supplies, equipment and persons, along with supplies, equipment and persons that are not being transported in support of emergency relief efforts related to the COVID-19 outbreaks.

Direct assistance terminates when a driver or commercial motor vehicle is used in interstate

commerce to transport cargo or provide services that are not in support of emergency relief efforts related to the COVID-19 outbreaks or when the motor carrier dispatches a driver or commercial motor vehicle to another location to begin operations in commerce. 49 CFR 390.23(b). Upon termination of direct assistance to emergency relief efforts related to the COVID-19 outbreaks, the motor carrier and driver are subject to the requirements of 49 CFR Parts 390 through 399, except that a driver may return empty to the motor carrier's terminal or the driver's normal work reporting location without complying with Parts 390 through 399. However, if the driver informs the motor carrier that he or she needs immediate rest, the driver must be permitted at least 10 consecutive hours off duty before the driver is required to return to the motor carrier's terminal or the driver's normal reporting location. Once the driver has returned to the terminal or other location, the driver must be relieved of all duty and responsibilities and must receive a minimum of 10 hours off duty if transporting property, and 8 hours if transporting passengers.

Nothing contained in this Emergency Declaration shall be construed as an exemption from the controlled substances and alcohol use and testing requirements (49 CFR Part 382), the commercial driver's license requirements (49 CFR Part 383), the financial responsibility (insurance) requirements (49 CFR Part 387), the hazardous material regulations (49 CFR Parts 100-180), applicable size and weight requirements, or any other portion of the regulations not specifically exempted under to 49 CFR § 390.23.

Motor carriers or drivers currently subject to an out-of-service order are not eligible for the relief granted by this declaration until they have met the applicable conditions for its rescission and the order has been rescinded by FMCSA.

In accordance with 49 CFR § 390.23, this declaration is effective immediately and shall remain in effect until the termination of the emergency (as defined in 49 CFR § 390.5) or until 11:59 P.M. (ET) on April 12, 2020, whichever occurs sooner.



Jim Mullen
Acting Administrator