

Erica Krauss

From: CHRUpdates <CHRUpdates@chrobinson.com>
Sent: Friday, March 20, 2020 11:54 AM
Subject: C.H. Robinson - Coronavirus and Transportation Market Update 3.20
Attachments: 03-19-20-client-advisory-update-coronavirus-outbreak-v2.pdf; NA Air Freight Market Update 2020.03.20.pdf

Hello Customers,

As always, hope this note finds you and your families safe and healthy.

C.H. Robinson continues to have majority of our workforce remote but remains 100% operational across the Globe. Our central operations teams including our after-hour staff have seen 2-3 times the activity but also staffed to support. We plan to staff additionally through the weekend including SUNDAY to meet the needs of our customers and carriers. We understand that right now there are many unknowns but as plans come into place or need to adjust, we will be ready to execute!

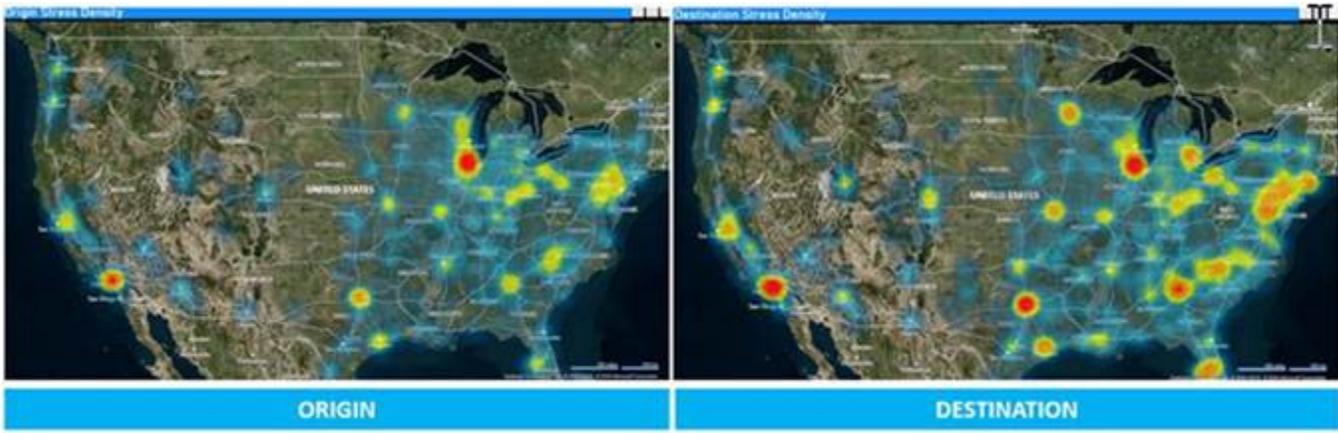
New updates to Covid-19 impacts for Friday, March 20th.

- An increasingly amount of large cities and states are moving toward (or have announced) a mandatory shut down for all non-essential business. CA, NY and PA being the major states and there are several cities across the U.S. that are in similar positions. We believe Chicago and other major cities like Atlanta *could* follow suite.
 - Businesses are often able to “make a case” to the Governor as to why they should remain open and those exceptions are being made on a case by case level. Some operations are being allowed to staff only to receive product through the weekend but must stop production.
- Essential business – There seems to be a couple different interpretations of this. In many cases, essential businesses include any healthcare related business, grocery stores, businesses that provide food, shelter or social services, media, gas stations including auto-repair, banks, hardware stores and childcare facilities.
- A lot of challenges around maintain social distancing for shippers and receivers. Including screening, handling of paperwork, facilities, etc. This is prolonging dwell time and causing some disruption to carriers reaching their next pick up successfully.
- Canadian border remains open for commerce only. All healthy drivers can cross the border, but the length of time to cross has increased due to the extra screening.
- Mexico and US border suspending any nonessential travel. CHR customs and border crossing activity remains operational, but available capacity is restricting more each day.

Impact by service/mode:

Truckload

- We continue to experience a disruption to freight flows across the country. Many essential industries of course have experienced a strong up tick in demand, while other industries impacted by closures are seeing the opposite.
- Below is a snapshot of CHR’s spot quote activity from middle of the week. You can see what regions across the U.S. are experiencing increased challenges and where shippers are looking for transactional support from CHR.
 - CHR is operating with a 96% acceptance rate across our customers.
- Increased flexibility and understanding is critical to keeping cost impact as low as possible.



LTL

- LTL carriers are operating as normal as possible. There are workforce declines as expected, but with demand being lower in many industries that ship through the LTL service, like retail, we are still seeing capacity remain available.
- Most carriers are declining any inside pick ups or deliveries
- There are current embargo's to many cities across CA, PA, NY and likely soon to be more.
- We are seeing many LTL shipments needing to be re-directed as closures continue to change daily.

Air

- Below is a snapshot of the current air market both inbound and outbound from the U.S. C.H. Robinson remains ready to support and work through all possibilities to keep your supply chains moving!

Market Status							
	China	Hong Kong	Europe	SE Asia	India	Oceania	LATAM
NA Outbound	✈	✈	✈	✈	✈	✈	✈
NA Inbound	✈	✈	✈	✈	✈	✈	✈
		Stable	Stressed		Critical		

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

3.18.20

Below is an update to our information from Monday March 16th. Please let us know at any time if there is specific information or questions you have and we will do our best to get them answered. I have attached our most recent client advisory from this morning 3.18.20.

C.H. Robinson's contingency plans are in full effect. Majority of our workforce is remote but remain 100% effective and committed to getting our customers through this difficult time!

What has happened in the last 48 hours?

- There has been an increase in short term demand, particularly in essential items and increase closures across the U.S. We expect in other industries, however, for demand to take a sharp decline, leaving some overall uncertainty on the overall impact on supply and demand.

- We have seen Amazon and others restrict the movement of any non-essential material into their warehouses. Amazon also announced the goal of hiring 100k employees to support the needs of the consumers around this country.
- We are still experiencing winter weather patterns, particularly this week, that could add complexity to the situation in areas throughout the upper Midwest. Next week appears to be warmer, so hopefully this is the last of a winter weather update!
<https://weather.com/storms/winter/news/2020-03-14-snow-wind-west-plains-upper-midwest-strong-system>
- PA and other areas throughout the country are shutting down rest stops and parking which will impose challenges to drivers.
<https://www.freightwaves.com/news/pennsylvania-shuts-its-rest-stops-to-all-activity-including-parking>
- We have seen manufacturers begin to limit the amount of workers in the plant at a given time causing lost productivity from a shipping/receiving operational standpoint. In addition, at times pre-screen agreements are being asked to be completed by drivers prior to coming into contact with the location.
 - Major Automotive plants as of today are closing in the U.S.
 - <https://www.businessinsider.com/gm-ford-fiat-chrysler-shutting-us-factories-coronavirus-2020-3>
- Many of our customers that serve industries that are currently shut down have been challenged to reconsign product back to their plants causing supply chain disruptions.

Truckload

- Supply and Demand ratios rose higher this week in every region outside of the pacific Northwest when compared to the previous week. The expectation is that there will continue to be a profound impact on freight flows.
 - Dry Van ratios up 31%
 - Flatbed ratios up 7.5%
 - Spot loads posted rose 18%
- Attached is a breakdown of the state notices related to the COVID-19. Many states have relaxed intra-state rules related to essential supplies.

LTL

- In general, due to the halt of retail and other non-essential items, capacity remains readily available.
- Many LTL carriers are not allowing for inside delivery or pick-ups at residents (there are some exceptions to commercial inside deliveries).
- FedEx announced embargo's in Philly and San Francisco for any non-essential deliveries. Philly was lifted today, but San Francisco remains.
- There are some facilities that are not letting driver's on-site causing some delivery disruptions.

Below is a list of essential delivery locations that would apply to exceptions.

- | |
|---|
| <ul style="list-style-type: none"> • Supermarkets and grocery stores • Big box stores • Pharmacies • Discount stores, mini-markets, and non-specialized food stores • Daycare centers • Hardware stores • Gas stations • Banks • Post Offices • Laundromats and dry cleaners • Veterinary clinics for domestic pets and pet stores |
|---|

Ocean/air: There is still slow demand as companies/countries are not running at 100%. We believe Chinese factories are at about 80% output at this time. We are seeing some container shortages because ocean containers are coming into ports as frequently due to the blank sailings. To put it into perspective, there have been twice as many vessels cancelled due to the Coronavirus, than during the peak of the trade war. 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.

3.16.2020

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 be 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 device 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!



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)

March 19, 2020

UPDATE: Coronavirus Outbreak

Dear Valued Customer,

We continue to monitor Coronavirus Disease 2019 (COVID-19) globally. We remain fully operational, continuing to service all global and domestic transportation while adhering to government and health regulations. All our locations have business continuity plans and strategies in place to allow our employees to work remotely as the need arises and ensure our customers and carriers receive uninterrupted service. We continue to work closely with our customers on production planning and forecasting as the situation remains fluid.

Here are the most recent updates:

- Demand continues to exceed capacity in Asia as production in China returns to full efficiency. Currently, all Asia ports and airports remain operational. We continue to work closely with our customers to accommodate their supply chain needs in the fluid environment – including offering air charter services and expedited FCL and LCL programs from Asia and Europe.
- There is a shortage of empty container supply across Europe due to lack of imports from Asia. Currently, there is an elevated need for reefer empties.
- Along with cargo planes, passenger planes are being used to transport cargo into key Europe hubs. Currently, there is enough capacity available with the current demand. Demand may decrease due to the volatility and slowed production on non-essential products.
- Europe truckload continues to experience delays in cross-border shipments. View the latest crossing times [here](#).
- In Australia, the Queensland Maritime Safety Authority recently announced requirements for Port of Brisbane in Queensland. Vessels cannot enter a Queensland pilotage area until 14-days have elapsed since the vessel left any country outside Australia. This applies to all vessels that have departed a country outside Australia after 15th March AST. Exceptions to this restriction apply to New Zealand, Papua New Guinea and several South Pacific origins.
- Also in Australia, regarding New South Wales, Port of Sydney, vessels cannot berth until 14-days have elapsed since the vessel left any port within Mainland China.
- While Transport Canada currently has no nationwide emergency declaration, provinces have begun to issue their own. On March 18, the province of British Columbia issued an emergency suspension of hours of service rules for COVID-19 related relief operations. Details can be found [here](#).
- In Houston, operations are currently suspended at Bayport and Barbours Cut terminals. An ILA worker who recently worked at both terminals has tested positive for Coronavirus (COVID-19). Out of an abundance of caution, Port Houston has temporarily closed both terminals while a full investigation is conducted. All decisions on vessel schedules, demurrage, and all others will be determined as soon as possible. All updates will be communicated as information becomes available. Port Houston's other facilities, including general cargo terminals remain open. The Houston Ship Channel and the 200-plus private terminals that comprise the greater Port of Houston are operational.

Continued on the next page

Our information is compiled from a number of sources that to the best of our knowledge are accurate and correct. It is always the intent of our company to present accurate information. C.H. Robinson accepts no liability or responsibility for the information published herein.



- We will likely see an increase in volume on the U.S. West Coast at the end of the month and beginning of April as China's factories continue to ramp up production.
- We are prioritizing shipments within our network to increase the velocity of deliveries of products that are in support of the fight against the pandemic as well as consumer staples such as food and paper products.
- For North America less-than-truckload (LTL), capacity is stable, and carriers are making deliveries on normal schedules. Exceptions to this are inside home deliveries as well as non-essential goods to "Shelter-in-Place Locations". Carriers are also discouraging deliveries to restaurants.
 - Carriers are continuing to operate as close to normal under these conditions.
 - Services have been impacted due to various states and municipalities ordering businesses and buildings to be closed.
 - Carriers/trucking are considered an essential service, so they can continue to operate. However, some consignees and shippers are closed due to the "state of emergency."
 - As we talk to the carriers, they are saying the key is to know if the shipper/consignees is open before moving the shipment. As carriers can't make delivery the networks get backed-up and questions about disposition of the freight come into play (storage charges, return freight, what party pays for the freight, etc.).
- North America rail and drayage capacity remains available for the time being, but we are anticipating tightening as the market shifts to accommodate coronavirus-driven demand. An increase of thefts from carrier yards have been reported leading many to keep units within the security of rail ramps to avoid exposure.
- As local and state trucking rules are adjusted, we encourage you to view the latest updates in more detail [here](#).

Links to additional resources:

- [WHO](#) updates and [CDC](#) updates
- [CBS News](#) update and [BBC News](#) update
- [COVID-19:Implications for business](#) (McKinsey & Company)
- [Global Cases](#) (Johns Hopkins CSSE)

We will continue to monitor the situation and provide updates as needed. For previous advisories, please visit our Client Advisory page on our website. Here is a direct link to the most recent update:
3/18/2020 – [UPDATE: Coronavirus Outbreak](#)

Thank you for being our Valued Customer. If you have any questions, please do not hesitate to contact your C.H. Robinson commercial representative for further information.

Sincerely,
C.H. Robinson

Our information is compiled from a number of sources that to the best of our knowledge are accurate and correct. It is always the intent of our company to present accurate information. C.H. Robinson accepts no liability or responsibility for the information published herein.



Global Air Market Update

March 20, 2020



C.H. ROBINSON
ACCELERATE YOUR ADVANTAGE®

Market Status							
	China	Hong Kong	Europe	SE Asia	India	Oceania	LATAM
NA Outbound	✈️	✈️	✈️	✈️	✈️	✈️	✈️
NA Inbound	✈️	✈️	✈️	✈️	✈️	✈️	✈️
		Stable	Strained		Critical		

Top Market & Rate Updates	
Region	Summary
Global	Passenger demand has decreased significantly in all markets
	Massive flight suspensions have drastically reduced cargo capacity worldwide
	Accurate forecasting crucial to avoiding unnecessary delays
	Markets are changing throughout the day
Transpacific	Freighter capacity added in Hong Kong and Shanghai but some backlogs exist
	Markets historically supported by passenger capacity are highly limited both inbound and outbound
	US to China/Hong Kong stabilizing thanks to increased freighter capacity on the inbound flights but rates are still elevated from normal levels
Transatlantic	More than 90% of passenger flights have been cancelled, removing the vast majority of cargo capacity from the market
	CHR has chartered a 747 freighter from Frankfurt-Columbus-Frankfurt on March 28/29, ask your primary C.H. Robinson contact about reserving your space today
India	State governments have banned all commercial passenger flights from landing in India for one week starting March 22
	India market is heavily reliant on passenger flight cargo capacity, freighter operators are only accepting bookings on express/priority prices
*Contact your local C.H. Robinson representative or access resources below for more information	

Our information is compiled from a number of sources that to the best of our knowledge are accurate and correct. It is always the intent of our company to present accurate information. C.H. Robinson accepts no liability or responsibility for the information published herein.

Want to receive other complementary C.H. Robinson resources? Sign ups below:

- Client Advisories:** www.chrobinson.com/en-us/resources/global-trade-resources/client-advisories/
- Global Trade News:** www.chrobinson.com/en-us/resources/global-trade-resources/news-signup/
- White Papers:** www.chrobinson.com/en-us/resources/white-papers/
- Transportfolio Blog:** www.chrobinson.com/blog/

Global Air Market Update

March 20, 2020