

FREIGHT AND ECONOMIC MARKET INSIGHTS

April 23, 2020—North America

In an effort to help everyone understand the supply chain impacts from COVID-19, we have compiled a selection of current insights from the marketplace. These have been assembled by our experts with our global view of supply chain data. As the market has transitioned from households building inventory for stay-at-home to replenishment, there is less volatility in the North American transportation market. As such, the cadence of this report will be on Wednesdays for the foreseeable future.

A SUMMARY OF GOVERNMENT AFFAIRS RELATED TO COVID-19

HOS EMERGENCY DECLARATIONS IN UNITED STATES AND CANADA

Note that it is necessary to properly describe the freight to the driver

STAY-AT-HOME/SHELTER IN PLACE ORDERS:

Globally, stay-at-home orders are widely in place with China increasingly getting back to work. Vessel volumes to North America will be growing over the next few weeks as North America is only partially open for business. Those goods that may be in low demand due to the stay-at-home orders will be seeking warehousing. Essential goods continue to flow as transportation and logistics continue to fall under CRITICAL INFRASTRUCTURE DURING COVID-19, and that executive orders are often similar to this guidance.

US NORTHERN AND SOUTHERN BORDER RESTRICTIONS

While travel on both the Northern and Southern borders has been restricted for passengers and visitors, freight continues to flow relatively unimpeded at this time.

CDC GUIDANCE ON TRUCK DRIVERS TRAVELING TO NEW YORK REGION

CDC issued guidance for truck drivers making deliveries to the New York region clarifying that if they follow guidelines to minimize exposure they do not need to self-quarantine for 14 days. This guidance may be extended to other areas as states continue to put travel restrictions in place from certain areas.

USA TRUCKLOAD (TL)

- NEW** • Dwell times at many warehouses continue to be very long as stringent guidelines slow processes.
- NEW** • Diesel pricing is predicted to drop to \$2.14 per gallon on average in the 3Q of 2020. This would be a 14% decline from current average of \$2.48 per gallon. Source: EIA
- NEW** • Trucking continues to perform and is flowing freely across states and national borders and in and out of all markets.
- COVID-19 state and provincial notice resources: National Governors Assoc, Land Line Magazine, ATAHub
- CHR has ready access to capacity as our contract carrier communities serving the private and for hire non-essential goods segments are seeking freight in the essential goods segments.
- Consider having sanitizer available and washrooms clean and well stocked with soap and paper towels. CDC guidance to persons involved in truck driving into area of widespread community COVID-19 outbreak

USA REFRIGERATED TRUCKLOAD (TL)

- Reefer capacity may benefit from projected lower Y/Y volumes of Mother's Day flower sales
- Early weeks of the produce season will demand less of reefer capacity due to lower demand from restaurant, schools and food services
- NEW** • Current annual shift of produce growing regions from Yuma, AZ to Salinas, CA is complete. The Salinas, CA region will continue to produce Strawberries, finish off Citrus and start producing Cherries next week. We are anticipating adequate truck availability this week
- NEW** • Corn and Melons will continue to lead the start of Produce Season for Southern to Central Florida. We see a slight shortage of truck availability in this region but not enough to effect the overall market

NEW USA LESS THAN LOAD (LTL)

- Week 16 volumes were similar to week 14 and 15. It seems the market may have settled at current levels. LTL carriers are hoping this is the "bottom" of the cycle.
- CEO's from LTL carriers YRC Worldwide, UPS and FedEx are participants in the President's "Great American Economic Revival Industry Groups".
- Most carriers operations and compensation labor force reductions have taken place across the board.
- Carrier service remains good. Some carriers have slowed transit in order as a cost cutting measure.
- Carriers' remain "business as usual" in regard to pricing. Some delays in bid response have been noted due to pricing departments be right sized to match falling demand
- "Touchless" pick and delivery: No signing of shipping documents. Shipper/consignee have same responsibility for OS&D notes on BOL or carrier web portal and driver should note in handheld.

EMERGING INSIGHTS

The following items are emerging and have the possibility of more states adopting similar initiatives.

Face Covering Mandates: State and local governments have begun requiring or heavily recommending facial coverings in public places and while at work. We have seen this in [Laredo](#), [Los Angeles](#) and [New Jersey](#) and other places [as reported here](#). This has continued to appear in more cities, and we recommend confirming in advance with transportation service providers your location requirements.

Utah data collection: Utah's recently launched a data collection initiative for vehicles entering the state excludes commercial truck drivers. [Governor Executive order link is here](#) and [FAQs are here](#).

NEW INTERMODAL (IMDL)

- Railroad on-time performance remains very high across companies with percentages between high 80's and mid-high 90's.
- Capacity is broadly available and striving to meet short lead time requests
- Dray carrier pricing discipline remains with some concession for long term volume awards

CROSS BORDER

Mexico-USA border insights:

NEW

- Mexico's Health Department issued shelter in place orders spanning the country through **May 30**.
- Similar to the United States, Mexico has defined companies as either essential or non-essential (An example is components to an essential industry being labeled non-essential). [Link to Government of Mexico - In Spanish](#)
- The essential business list is very similar to that of the United States. One major exception is that only non-alcoholic beverages are considered essential (Alcoholic beverages are considered non-essential).
- Essential goods flowing north exceeds volumes of southbound goods, leaving capacity to be repositioned in order to meet demand. As a result, northbound transportation costs are rising due to these capacity repositioning expenses from Laredo into Mexico.

NEW

- Customs and border crossings in both directions are flowing well.

Intra Canada-USA border insights:

NEW

- Load weight restrictions have been relaxed for certain essential goods for areas of [Saskatchewan](#) and [Ontario](#) where frost line weight restrictions limit load weights.
- BC heading east volumes remain muted and unchanged largely attributed to low import volumes
- Market has capacity across all provinces
- Efforts to ensure [facilities](#) and [services](#) are available to truck drivers. Source: Trucknews.com
- North and Southbound crossings at both Detroit-Windsor and Niagara/Fort Erie-Buffalo remain at 24/7 operations for commercial traffic
- Other crossings we recommend checking the following resources to have the most current schedules as some have reduced operating hours:
 - [USA Customs and Border Protection](#)
 - [Canada Border Services Agency](#)
- Canadian Trucking Alliance (CTA) suggests truck drivers carry an essential worker confirmation letter.
- [Public Health Agency of Canada](#) requires commercial drivers to wear masks, but not quarantine.

GLOBAL OCEAN AND AIR

NEW

- Due to continued increase in air freight rates, importers are starting to consider expedited ocean programs for PPE related materials. Shippers/importers involved with these products should check with CHR contacts for expedited options.
- Carriers have started to announce Void/Blank sailings due to importers canceling bookings and/or pushing orders out into the summer months, as volume demands will come down.
- Air capacity from Europe and China to the USA is constrained with passenger flights curtailed, even with some empty passenger aircraft being used for cargo.
- As more non-essential companies shut down temporarily, general demand for air cargo is down, but lack of capacity is keeping rates high in all trade lanes.
- (PPE) and COVID-19 test kits are being produced in China. Shippers/importers involved with these products should check with CHR contacts on navigating the new export regulation of these products.

ROBINSON FRESH—PRODUCE SUPPLY CHAIN INSIGHTS

Robinson Fresh a [division of C.H. Robinson](#), is fully operational with no current service disruptions. Neither our international supply capabilities from Central and South America nor our domestic supply has been impacted at this time. Inventories are adequate, our distribution capabilities are fully functioning, and our sales and supply chain experts continue open lines of communication with growers and customers. Given our flexible supply strategy, we continue to meet the needs of customers inquiring about products and supply chain solutions.



That said and as to be expected, there has been a decrease in the amount of produce sold in the first half of April this year. We continue to see SKU rationalization in the retail vertical as retailers work to better manage inventory and distribution capacity.

While there has been significant swings in ordering patterns with larger retailers. Demand continues to struggle to find the new "normal," making it difficult to project accurately. In addition, direct store delivery requests have also been highly variable with some retailers pushing hard in this area while others have closed their programs and shifted resources elsewhere. Current supply lines are being closely monitored:

- Mexico has moved to shelter in place. We are in close communication with our growers/suppliers in the country regarding the potential impacts on harvest and shipping capabilities.
- The U.S. Food and Drug Administration (FDA) has released COVID-19 daily round-up releases to help share the agency's on-going response effort to the outbreak. [Please see here for the news releases](#)
- Following industry recommendations, the State Department announced they are taking additional steps to increase processing of H-2 visa holders through consulates around the world. In particular, they are waiving the interview requirement for first-time and returning H-2 applicants who have no potential ineligibility. In addition, the State Department is expanding the period in which returning workers may qualify for an interview waiver from 12 months to 48 months. Guidance on this and other H-2 questions can be found on USDA H-2A webpage along with a FAQ document provided by the Department of State.

We will be maintaining our cadence of market insight publications in an effort to keep you informed through this dynamic freight environment. For other client advisories, please review our [Client Advisory page](#).

Thank you for being a valued customer. If you have any questions, please do not hesitate to contact your C.H. Robinson or TMC commercial representative for further information.

April 21, 2020

UPDATE: Coronavirus Pandemic

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 by region:

Newest updates are at the top of each section; older updates that are still relevant are slightly grayed out

North America

- For more detailed updates regarding sourcing and North America surface transportation – including truckload, intermodal and less-than-truckload – click [here](#).
- As of April 19, U.S. importers can temporarily extend deadlines for duty remittances if they are suffering significant financial hardship due to COVID-19. However, this does not apply to antidumping or countervailing duties, or to Section 301, 232 or 201 additional duties. Click [here](#) for more information.
- Due to the high demand for importing Personal Protective Equipment (PPE) and test kits on the Trans-Pacific, we continue to offer expedited FCL and LCL services as air freight capacity remains tight. To learn more about the specific schedules reach out to your account rep or connect with us [here](#). These services are also available on the Trans-Atlantic.
- The Federal Emergency Management Agency (FEMA) released [U.S. export restrictions](#) for Personal Protective Equipment (PPE) related to COVID-19. Click [here](#) for an information FAQ and how the restrictions may impact your U.S. exports.
- U.S. Customs and Border Protection (CBP) announced a COVID-19 [Relief Imports Web Portal](#) to help with cargo inquiries related to the importation of medical supplies to fight the spread of the COVID-19 virus.
- Some U.S. states have implemented regulatory changes for trucking, including weight limit changes. Click [here](#) to review the latest updates.
- All ports and airports remain operational.

Latin America (LATAM)

- Apart from Uruguay, multiple governments across LATAM have extended their stay-at-home recommendations. Logistics and transportation continue to operate throughout LATAM with some delays.
- In Argentina and Brazil, local governments are overseeing the shipments of COVID-19 test equipment and protective masks.

Asia

- Continue to see a high demand for air freight capacity for Personal Protective Equipment (PPE). To avoid competing for export capacity, some shippers have transported their freight from central or north China to Hong Kong.
- Due to China Customs' [export regulations on PPE products](#), some shipments are being delayed 5-8 days.

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.



- Additionally, Qingdao implemented strict customs inspection since last week which may cause shipment delays.
- The Singapore government is sourcing resources for daily necessities to be imported via ocean.
- The railway service from Wuhan to Europe is gradually returning to normal.
- Ocean carriers have announced new blank sailings/capacity cuts from Asia to Europe, India and North America due to the lock downs in those regions.
- All ports and airports remain operational.

South Asia

- India remains under lockdown until May 3, 2020 but the government has given some partial relaxation in a few states across India.
- At this time, transportation of both essential and non-essential commodities is permitted, as well as inter-state movement. With permission, all EXIM cargo can move to and from the ports.
- Multiple ocean carriers have implemented blank sailings on all lanes due to the current situation.
- Customs staff continues to work with limited staff, clearing both inbound and outbound cargo.
- Sri Lanka is on indefinite curfew/lockdown; however, the port and airport remain operational and continues to manage commercial cargo with limited staff.
- All of India's airports and ports remain operational but with limited staff to manage operations.
- All domestic and international flights are still suspended. As a reminder, this does not apply to cargo flights. Some airlines have created capacity by converting passenger flights to freighters.
- Currently only Emirates, Turkish, Etihad and Qatar airlines are operating out of India carrying freight. Others are ready to carry cargo based on demand.

Europe

- Europe truckload continues to experience delays in cross-border shipments. View the latest crossing times [here](#).
- Demand and capacity on the Trans-Atlantic remain stable. As countries and local governments explore reopening businesses, we may see higher volumes, however it's unlikely the demand will exceed capacity.
- Passenger aircrafts converted into cargo planes continue to operate on the Trans-Atlantic.

Oceania

- The New Zealand Ministry of Transport advised all essential and non-essential import cargo can now be delivered & distributed under Alert-Level 4-essential & non-essential. As a reminder, New Zealand borders remain closed and international travel continues to be restricted. Air and maritime, related to cargo transportation, continue to be exempt from the travel restrictions.
- As of April 9, 2020, the Fijian Authorities, re-opened the Port of Lautoka. Lautoka and Suva remain in lockdown, but essential services such as transportation of freight, ports and depots remain operational.
- Implementation of border restrictions in Australia, see increased screening and security measures that may cause delays for goods entering Western Australia, South Australia, Queensland and Tasmania. Border restrictions in Australia vary state-by-state.
 - As of April 6, 2020, Western Australia has issued border closures for all access points including roads, rail, air and sea for interstate travel. Regional borders have been closed meaning travel is restricted between the nine regions (Perth and Peel have been combined). Freight of essential goods via air, rail and sea freight as well as trucking are exempt from both regional and state border closure restrictions.

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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 through our [client advisories](#) and [blog posts](#). Below are direct links to recent updates:

- 4/20/2020 – [Navigating Through the Disruption – An Oceania Perspective](#)
- 4/14/2020 – [UPDATE: Coronavirus Pandemic](#)

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

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