

February 11, 2020

UPDATE: Coronavirus Outbreak in China

Dear Valued Customer,

We have been closely monitoring the coronavirus outbreak in China and the restricted travel to Hubei Province. Offices throughout China are opening, with exception to Wuhan and Shenzhen, but limited labor is available. Factories are resuming operations in batches, ones that produce household essentials and food are taking priority. Below are factory operation updates by region:

Northern China:

- Factories were allowed to open on February 10, 2020, but most won't open until February 17, 2020 or February 24, 2020.
- Production is expected to have 70-80% recovery in week 10.

Central China:

- Majority of factories will not open until after February 17, 2020 or February 24, 2020.
- Like Northern China, production is expected to have 70-80% recovery in week 10.

South China:

- Factories opened in Fujian Province on February 10, 2020 with limited labor.
- Large factories resumed in Guangdong Province on February 10, 2020. Small to medium size factories will likely open near the end of February.

Companies and factories may experience labor shortages and additional delays in production due to migrant workers being hindered on returning to work with current travel restrictions in place.

TRANSPORTATION UPDATE BY MODE

OCEAN: *(new updates since February 7, 2020 advisory)*

- As previously advised, a large amount of blank sailings will be taking place due to lack of demand.
- Most ocean terminal depots will remain open. Empty pick up and laden is working normally. Majority of delays are due to slow production and movement of trucks.
- Many off-dock depots are closed but are expected to open in the coming days.
- Barge operations are normal with significant backlogs from Wuhan.
- Wuhan port remains closed. Shanghai and Ningbo ports have suspended Container Freight Station (CFS) operations until February 10, 2020. Only local trucks are allowed in Ningbo at this time.
- Ships and crew members departing from China on or after February 1, 2020 will not be permitted to come ashore in Australia until 14 days have elapsed since their departure date from China.
- Short haul shipments exporting to other countries from mainland China ports may be put into a 14 day quarantine period as well. This only affects short hauls since the majority of freight on Trans-pacific eastbound or European lanes are in transit more than 14 days.

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- For example, if a vessel that has been in China (excluding Hong Kong & Macau) that has **NO** crew member with flu like symptoms, the vessel will be allowed to operate normally at the port. The crew will only be allowed to come ashore but will be limited to the terminal to manage on a need-to basis.
- Another example, if a vessel that has been in China (excluding Hong Kong & Macau) that **HAS** a crew member with flu like symptoms, the vessel will be allowed to operate normally at the port. However, the crew will not be granted to come off the vessel. The Center for Disease Control and Prevention (CDC) and designated authorities will formulate plans for crew members requiring medical attention.

AIR:

- Due to low demand the available capacity and operations are able to handle current freight.
- Exports to China remain strong due to high demand for medical and consumption items.

CUSTOMS:

- U.S. Customs & Border Protection (CBP) is following the CDC's lead (<https://www.cdc.gov/>) on crew and passenger screening. There are no indications of additional screening for cargo other than obvious potential threat products such as biologicals, infected animals, etc., which ordinarily require special care and clearance.

SURFACE TRANSPORTATION: *(new updates since February 7 advisory)*

- All trucking companies in China must follow local restrictions to receive a permit to resume operations. Most of the trucking companies have resumed operations, however with less than 50% of their labor supply.
- Ningbo area remains strict, only a limited number of trucking companies have currently received permits to resume operations.
- Nansha trucking resumed, but overall still have a big shortage with an average 20-30% recovery.
- Borders with China/Macau via Hong Kong-Zhuhai-Macau Bridge, Shenzhen Bay Port and Hong Kong Airport are still open. Isolation measures, which started on February 8, 2020, will require all travelers from mainland China to be placed on a mandatory 14-day quarantine when traveling cross-border. Due to the restrictions we expect delays with the cross-border services
- Intercontinental rail service between China and Europe is gradually recovering.

C.H. Robinson remains operational in Asia and is working closely with customers with impacted freight. We will continue to monitor this situation closely and advise of any further updates as needed.

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

Sincerely,
C.H. Robinson

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