# **CLIENT ADVISORY**

April 9, 2020 Updated 4/10/2020

# **U.S. Export Restrictions Implemented by FEMA for PPE Products**

Dear Valued Customer,

The Federal Emergency Management Agency (FEMA) recently released <u>U.S. export restrictions for Personal Protective Equipment</u> (PPE) related to COVID-19. Below is an informative FAQ to help U.S. exporters digest the new restrictions and understand what it means for their supply chain –

#### What is the "Rule"?

- A Rule has been filed by the Federal Emergency Management Agency (FEMA) on April 7, 2020 which
  places export restrictions on certain Personal Protective Equipment (PPE) products which are being
  used in response to the COVID-19 pandemic.
- The Rule implemented the <u>Presidential Memorandum</u> dated April 3, 2020 where the President directed the Department of Homeland Security, specifically FEMA, to act under the Defense Production Act to prevent the export of PPE products from the U.S.

## What is the purpose of the Rule?

• To aid the response of the U.S. to the spread of COVID-19 by ensuring scarce or threatened health and medical resources are appropriately allocated for domestic use.

#### When is the Rule effective?

Effective immediately but will be published in the Federal Register on April 10, 2020.

# How long is the Rule effective?

• The Rule will be effective for 120 days from its publication in the Federal Register.

# Who is Subject to the Rule?

• All parties who are involved with the exportation of PPE products must comply with the Rule including manufacturers, brokers, distributors, exporters and shippers.

#### What current items are subject to the Rule?

- N-95 filtering facepiece respirators, including devices that are disposable half-face-piece, non-powered
  and air-purifying particulate respirators intended for use to cover the nose and mouth of the wearer to
  help reduce exposure to pathogenic biological airborne particulates.
- Other filtering facepiece respirators (e.g., those designated as N99, N100, R95, R99, R100, or P95, P99, P100), including single-use, disposable half-mask respiratory protective devices that cover the user's airway (nose and mouth) and offer protection from particulate materials at an N95 filtration efficiency level per 42 CFR § 84.181.
- Elastomeric, air-purifying respirators and appropriate particulate filters/cartridges.
- PPE surgical masks, including masks that cover the user's nose and mouth and provide a physical barrier to fluids and particulate materials.
- PPE gloves or surgical gloves, including those defined at <u>21 CFR § 880.6250</u> (exam gloves) and § <u>878.4460</u> (surgical gloves).

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.



## Are there any exemptions to the Rule?

- Shipments valued under \$2,500
- Shipments containing less than 10,000 units of gloves, masks or other commodities listed in the subject to restrictions
- In-Transit shipments
- Exports to Canada or Mexico
- Exports to U.S. Government entities such as U.S. military bases overseas
- Exports by U.S. Government agencies
- Exports by U.S. charities
- Exports by critical infrastructure industries for the protection of their workers
- Exports by the 3M Company
- Express or Mail Parcels which do not meet the commercial quantity definition above
- The exportation of PPE products made on behalf of U.S. manufacturers with continuous export agreements with customers in other countries since at least January 1, 2020.
- This exemption only applies to U.S. manufacturers who have distributed at least 80% of their supply of PPE products, on a per item basis, in the U.S. in the preceding 12 months.

# Who will and where will shipments be detained?

• U.S. Customs and Border Protection (CBP) will be temporarily detaining shipments which appear to contain the above items at the port of intended exportation.

#### What is the next course of action?

- FEMA will then determine course of action:
  - Return the shipment for domestic use.
  - o FEMA would place an order to purchase the goods.
  - o Allow the export of part shipment or the entire shipment.

#### What will FEMA consider?

- The need to ensure scarce or threatened items are appropriately allocated for domestic use.
- Minimization of disruption to the supply chain, both domestically and abroad.
- The circumstances surrounding the distribution of the materials and any potential hoarding or pricegouging concerns.
- The quantity and quality of the materials.
- Humanitarian considerations.
- International relations and diplomatic considerations.

#### Are there penalties being assessed for non-compliance?

- Penalties of up to \$10,000.00 and/or imprisonment for no more than one year.
- Fraudulently or knowingly being involved in the exportation of PPE products can face fines and/or up to 10 years in prison.

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



