

March 23rd, 2020

Operations Update #3: COVID-19

To Our Valued Business Partners,

As ONE North American management continues to monitor the impact of Covid-19 on our industry, we would like to provide an update on the key operating areas which are affecting all of us.

This is a fluid situation with significant changes occurring quickly, and we will continue to provide updates as these impact our supply chain.

North American Network Status Update (3/23 14:15 EDT updates in red)

Operation	
Localities	<p>While municipalities and states are issuing various protective measures or recommendations, there have been no requirements which have restricted staffing/labor from getting to work. There have also been no restrictions with any notable impact on container operations in North America and the transportation of goods.</p> <p>States – California, Illinois, New York, and New Jersey have all issued “shelter in place” orders. These all kept transportation exempt from restrictions in order to protect the flow of goods. More and more states appear to be following this same approach where transportation is being exempted from any restrictions. ONE is running with full operations in the US and Canada as a result.</p>
Labor	<p>Both EC ILA and WC ILWU workforces continue to operate as usual with no major impediment. There are certain work rule adjustments regarding contacts with crews and social distancing which have been instituted without impact to operations.</p>
Shipper Warehouses	<p>Industry news has raised the possibility that shippers’ warehouses could stop operating due to crisis related factors. Shippers not picking up imports or not returning chassis could impact the ports and rails ability to work vessels and trains. ONE is learning about some shippers who are at least preparing not to devan the containers they’ve imported and is concerned about the impact on operations this could have going forward.</p>

Terminals	The terminals have instituted individual business continuity measures to safeguard office and operational staff. We are facing no major disruption to terminal operations. Voyage cancellations and low cargo volumes have resulted in the cancellation of certain gate shifts on an on-going basis. ONE empty inventory levels in LA are high but we expect to maintain adequate space for on-going returns.
	While Houston closed for less than 24 hours last week due to a longshoreman who caught the virus, terminals across North America are all fully operational (including Houston).
Railroads	The railroads have instituted individual business continuity measures to safeguard office and operational staff. We are facing no major disruption to rail operations.
Trucking	No notable supply, regulatory or operational concerns at this time.
Vessel Operations	Globally, regulatory bodies have instituted increased reporting and health precautions which may vary by country or by port. In North America the US Coast Guard, Transport Canada, CBP, CBSA, port authorities and pilots play different roles in establishing rules. Most rules instituted have had no impact on NA port operations.
	Seattle/Tacoma - In Seattle and Tacoma a rule change has vessels coming from at risk countries waiting 14 days before being piloted to the port. (Currently PN2 is the only ONE service impacted by this with a 2 day delay from standard schedule.)
	US Coast Guard (Mar/16th Bulletin) - Vessels which have been to at risk countries within the last 14 days and have sick crewmembers should expect delays and need to work with local health and port officials prior to entry. If they do not have sick crewmembers they will be permitted to enter and conduct normal operations, provided that crewmembers remain aboard the vessel except to conduct specific activities directly related to vessel operations.
Depot Network	Depots are mostly operating as normal. Southern California and Dallas depots used by ONE are pretty full but being managed and not restricting empty returns.
Chassis	Due to low cargo volumes, chassis supply is ample at all locations at this time. Chassis supply could become an issue in any giving area should shippers pull containers to their distribution centers without devanning and returning them.

We greatly appreciate your business and patience as we all work through this situation together.

Sincerely,

Ocean Network Express (North America) Inc.
