



SOCMA Coronavirus Response Resources

The following resources and observations serve to update members on business considerations in the wake of the [Coronavirus Disease 2019 \(COVID-19\) outbreak](#). In general, the key is to minimize surprises by developing and deploying a blueprint for action. Organizations should utilize in-house professionals, e.g. legal, finance, communications, etc., to adapt their business continuity plans to address considerations such as those listed in Section II below.

I. COVID-19: Impact on Specialty Chemical Manufacturing Operations

Chinese production remains at less-than-full capacity but is likely to slowly increase as plants reopen depending on the region. Logistics remain hard to predict largely because (i) preventative measures, e.g. quarantines, vary from region to region, causing delays in production, trans-province trucking, equipment shortages, and less ocean freight/plane capacity; and (ii) stock levels may be further impacted since the last of the pre-Chinese New Year shipments have likely arrived in the U.S./Europe, and relatively little was shipped in February due to widespread factory shutdowns.

Industry intelligence suggests that Southern China – areas such as Jiangsu, Zhejiang, Guangdong, etc. (except Hubei province) – is resuming operations more quickly than Northern China (areas such as Hebei, Tianjin, etc.) where a lack of labor remains an issue due to public transportation limits and quarantine requirements. For more information, please do not hesitate to reach out to the [SOCMA Coronavirus Response Team](#).

II. SOCMA Members Actions

Category	Response Considerations/Action Items
Contracts	<ul style="list-style-type: none"> • Analyze the interplay of force majeure, governing law and any dispute resolution provisions in existing contracts to assess rights and obligations.
Supply Chain	<ul style="list-style-type: none"> • Trans-Atlantic air freight costs are also on the rise with implementation of a 30-day US travel ban on 28 countries in Europe, which will significantly constrain belly cargo space and increase costs of chemicals shipped per air freight. • More than 80 percent of Chinese trucking capacity is back online, which should alleviate constraints stemming from a lack of drivers on duty these past weeks. Rail capacity is also being quickly filled as factories in China get back to work. Increases in volume hitting European and North American ports may be short-lived though as recessionary conditions reduce demand. • Many EU countries have closed businesses and borders in wake of the spreading COVID-19, which will further delay recoveries in container volume. • Two Port of Houston terminals closed on March 19 until further notice following a reported case of COVID-19 in an employee. • Most other shipping terminals and maritime operations are functioning as normal but are taking preventative measures such as communicating with the public via

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Supply Chain (cont.)	<p>email/telephone and expect future volume declines. Port users are encouraged to check the websites of the terminals.</p> <ul style="list-style-type: none"> • Georgia Ports Authority expects an approximate 20 percent drop in March volumes, however empty containers will be accepted and weekday hours will remain unchanged. • USTR exempts certain Chinese-origin medical items from Section 301 tariffs, apply as of implementation and will be effective for one year. Items include face masks, latex gloves, face masks, antimicrobial products and sanitizing wipes, among others. • Request updates from suppliers regarding workforce and product shortages, particularly if sourcing raw materials from at-risk countries. Issue customer letters outlining actions the company is taking and challenges it is facing. • Members are requesting to store raw materials and other inputs at distributor facilities. • Members are seeking non-China based, and, if possible, U.S.-based backup suppliers. • Inquire whether ocean carriers are waiving coronavirus-linked detention penalties.
Health and Safety	<ul style="list-style-type: none"> • Report infected workers to OSHA as a recordable illness when a worker is infected on the job (+ 28 State OSHA standards). • Many members are not permitting any visitors to the plant. Only essential guests, such as those delivering to the facility, are permitted. • COVID-19 likely qualifies as a serious medical condition under the Family and Medical Leave Act of 1993 and state analogs. • PPE in short supply (some members are experiencing supply shortages for safety products through June 2020)
Emergency Manager	<ul style="list-style-type: none"> • Depending on the circumstances of a pandemic event, companies may need to activate Emergency Response Organizations, including Emergency Manager. Emergency Manager coordination with external stakeholders, e.g. Local Emergency Planning Committee (LEPC).
Travel	<ul style="list-style-type: none"> • Some members are suspending all foreign and domestic travel. • Some companies are requesting that all employees equipped with a laptop start taking them home at night in case further measures need to be put into place for them to work remotely.
Employment	<ul style="list-style-type: none"> • Under <i>Title 7 of the Civil Rights Act of 1964</i> employers should consider antidiscrimination laws in their business continuity plans, including the fact that pandemic response plans cannot be designed or deployed in a way that discriminates based on race, national origin, or otherwise. • Being flexible with employees who have health conditions that could be exacerbated by COVID-19. • Companies are considering both mandatory furloughs and granting PTO to companies.

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Employment Cont.	<ul style="list-style-type: none">• Impacted employees may qualify for short-term disability benefits, depending on terms and conditions of employer plan.
Events	<ul style="list-style-type: none">• White House has discouraged gatherings of more than 10 people.• Many companies are banning employees from attending large events.• Many companies are cancelling any widely attended event.

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