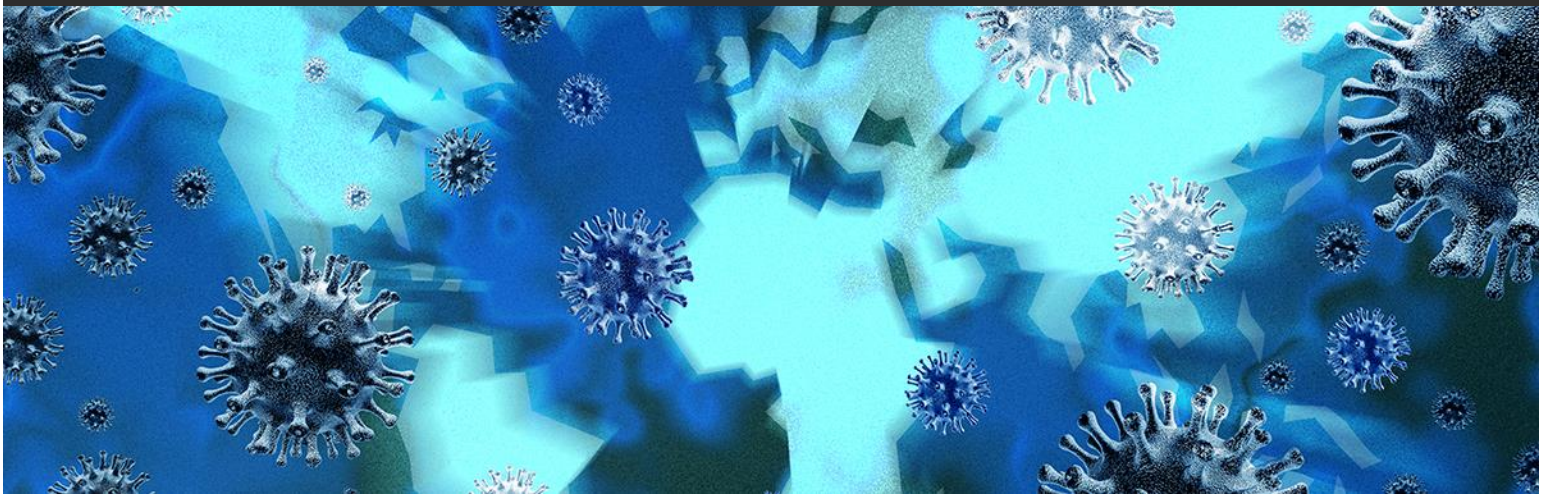


**Alert | Health Emergency Preparedness Task Force:
Coronavirus Disease 2019**



March 2020

Supply Chain Disruptions Due to COVID-19

The global pandemic has created disruptions in the supply chain. Many factories are either closed or working at partial capacity and are not producing the raw materials and components needed for the manufacturing of finished goods. For example, Italian factories are closed and not producing fabric which is typically sent to Chinese factories for sewing into apparel.

For finished goods, suppliers and retailers are rushing to ship merchandise already produced and sitting in distribution centers. The next phase may be more challenging as it will become increasingly difficult for purchase orders to be 100% fulfilled. Already some ports in southern California have reported a 20% decrease in volume compared to the same time in 2019 and it is anticipated that shipments into the United States will continue to decline in March and April. There has been no word on port closures or bans on products from certain countries, but this is an evolving situation, and a possibility that should be considered when planning for the future.

The United States has not yet instituted increased documentation requirements for certain products from specified countries, but other countries have already done so. Greece, for example, has imposed additional documentation requirements for imports of Italian cheese.

Numerous parties along the supply chain will feel the disruption. In preparation for when vendors cannot fulfill purchase orders (or similar documents), companies should review supply chain agreements. Purchase order terms need to be reviewed to determine liability for partial or late delivery. Do the agreements contain a force majeure clause and if so, would it be upheld? Who bears the responsibility? Companies may wish to consider adding provisions to address these issues on new purchase orders.

Going into the global pandemic, U.S. companies were already working to diversify supply chains out of China. Now they need to track global shutdowns curtailing production of raw materials, components, and finished goods.

As far as specific medical products from China, the U.S. Trade Representative has recently released two lists of medical products that will no longer be subject to the additional tariffs on Chinese made goods. The products include rubber gloves, plastics used in laboratories, face masks, blood pressure cuffs, and stethoscope covers. Importers of these products can also request duty refunds back to Sept. 1, 2019. The exclusion for these products will expire on Sept. 1, 2020. However, this is only relief from additional section 301 duties, and may not help the supply chain situation.

Authors

This GT Alert was prepared by **Laura Siegel Rabinowitz**, **Donald S. Stein**, and **Axel S. Urie**.

Albany. Amsterdam. Atlanta. Austin. Boca Raton. Boston. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. Germany.~ Houston. Las Vegas. London.* Los Angeles. Mexico City.+ Miami. Milan.* Minneapolis. Nashville. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Sacramento. San Francisco. Seoul.∞ Shanghai. Silicon Valley. Tallahassee. Tampa. Tel Aviv.^ Tokyo.* Warsaw.~ Washington, D.C.. West Palm Beach. Westchester County.

*This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. ~Greenberg Traurig's Berlin office is operated by Greenberg Traurig Germany, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. *Operates as a separate UK registered legal entity. +Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. »Greenberg Traurig's Milan office is operated by Greenberg Traurig Santa Maria, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ∞Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. ^Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ¢Greenberg Traurig Tokyo Law Offices are operated by GT Tokyo Horitsu Jimusho, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ~Greenberg Traurig's Warsaw office is operated by Greenberg Traurig Grzesiak sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in Greenberg Traurig Grzesiak sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2020 Greenberg Traurig, LLP. All rights reserved.*