

ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS
U.S. DEPARTMENT OF COMMERCE

Tuesday,
March 12, 2013

The meeting was convened, pursuant to notice, at 10:08 a.m., MR. RICK BLASGEN, Chairman of the Committee, presiding.

APPEARANCES:

MR. RICK D. BLASGEN
MR. PAGE SIPLON
MR. DENNIS MOTTOLA
MR. CHRISTOPHER S. SMITH
MR. JAMES COOPER
MS. CYNTHIA RUIZ
MR. DENNIS E. BOWLES
MR. COREY ROSENBUSCH
MR. PAUL BAUMER
MR. SHAWN WATTLES
MR. DEAN H. WISE
MR. LANCE R. GRENZBACK
MR. WILLIAM HANSON
MR. MIKE STEENHOEK
MR. NORMAN T. SCHENK
MR. CARL R. FOWLER

MR. JOHN BEASLEY

MR. PANOS KOUVELIS

MR. GARY S. LYNCH

MR. STAN BROWN

MR. SANDOR BOYSON

MR. DANIEL A. ROWLEY

MR. EVAN R. GADDIS

MR. W. SCOTT BROTEMARKLE

MR. ANTHONY BARONE

MR. LESLIE T. BLAKEY

MR. RONALD F. STOWE

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U.S. Department of Commerce

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U.S. Department of Commerce

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P R O C E E D I N G S

COMMITTEE WELCOME

David Long, Director, Office of Service Industries

U.S. Department of Commerce

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6 MR. LONG: Good morning, everyone. Let's get
7 started here. Okay. Let me start by thanking everyone
8 for coming out on a really rainy day. I'd like to
9 welcome you to the second meeting of our Advisory
10 Committee on Supply Chain Competitiveness. I can't
11 thank you enough for your commitment and the time and
12 work you've already put into this, the subcommittee
13 groups working busily since our last session.

14 Let me start with a few household/housekeeping
15 items for today. We've got the room basically as long
16 as we need it. I understand some of the groups are
17 meeting afterwards. If we go into overtime a little
18 bit we can continue here, so there's no hard stop
19 necessarily caused by the room.

20 I wanted to mention that there's a packet of
21 materials summarizing all the stuff you've seen already
22 by the mountains of emails we've been sending everyone.
23 We have the agenda breakdowns for the committees, the
24 framing questions for what the work product might look
25 like, and more.

1 I want to mention, too, this is a public
2 Advisory Committee meeting. What we're doing here
3 today is being transcribed by a stenographer or
4 professional recorder working on this. We'll get the
5 report of the meeting out shortly after that when it's
6 prepared afterwards. We also have a lot of new
7 materials on the website; I think everyone has the link
8 on that.

9 I want to mention just a few things about the
10 meeting structure today and then we'll turn to some
11 introductions and get this going. As before, I want to
12 mention that the focus on this is the industry voice in
13 this. This is your committee. We want to hear what
14 you have to say, to be telling the government what we
15 should be doing on this whole complex of supply chain
16 issues.

17 The meeting today is structured around talking
18 about what the subcommittees have done and are planning
19 to do on the different major topics we've got. This
20 gets into selecting the sets of questions within those
21 topics that are important, trying to get a discussion
22 going on what the priorities from them should be,
23 likely calendars for producing concrete deliverables,
24 and finally, identifying for us resources where we can
25 help you.

1 The agencies involved--Commerce, DOT, EPA,
2 others, the many bureaus inside Commerce--all stand
3 ready to provide whatever information and resources we
4 can from our programs to help you. We have a number of
5 people from the different agencies here today to take
6 part in the discussions as you wish.

7 But again, it's your meeting. I want to
8 emphasize that. Also, our Under Secretary for
9 International Trade, Francisco Sánchez, known to many
10 of you and a big friend of these issues, will be
11 joining us at the end of the meeting.

12 He and Assistant Secretary Nicole Lamb-Hale,
13 equally committed to these issues, are at the White
14 House this morning but they'll be joining us at about
15 12:30. So there will be an opportunity to hear what
16 they have to say about the commitment to this, talk
17 about questions with them.

18 Let me just mention a couple of things about
19 my role in this. I'm here basically to help manage and
20 facilitate the committee, make sure we're staying on
21 the topics that you want and that we keep within,
22 broadly, the limits we're trying to get for what we
23 need from the group, make sure that you have the U.S.
24 Government resources you need, and as we do the
25 introductions you'll see some of the people we have

1 from other parts of the government with that.

2 Finally, I'd like to give a special mention to
3 some of our colleagues from the Department of
4 Transportation who are with us. Paul Baumer is here
5 today. Paul, wave.

6 MR. BAUMER: Hi, everyone.

7 MR. LONG: And Caitlin Jason is with us here
8 as well. That's great. Thank you. So we'll be
9 talking a lot about this.

10 As I mentioned, the broad objectives are to go
11 through the subcommittee work, look at the topics for
12 what we should be doing, what the priorities should be,
13 what the work plan should look like, and what you need
14 from us.

15 Before I turn the meeting over to Rick and
16 introduce him, let's take a quick pass around the room
17 and just everybody say very briefly who you are. Page,
18 you want to start?

19 MR. SIPLON: Good morning. My name is Page
20 Siplon. I'm the Executive Director of the Georgia
21 Center Division for Logistics, which is part of the
22 Department of --

23 MR. BAUMER: My name is Paul Baumer. I'm from
24 the Department of Transportation. I work in the Office
25 of the Secretary, the Office of Infrastructure,

1 Finance, Innovation, and broadly on trade issues across
2 the Department.

3 MR. WATTLES: I'm Shawn Wattles. I'm with The
4 Boeing Company, Director of Supply Chain Logistics.

5 MR. WISE: Dean Wise, with BNSF Railway in Ft.
6 Worth, Vice President of Network Strategy.

7 MR. GRENZEBACK: Lance Grenzeback, Senior Vice
8 President, Cambridge Systematics.

9 MR. HANSON: William Hanson, Great Lakes
10 Dredge & Dock Company.

11 MR. STEENHOEK: Mike Steenhoek, Soy
12 Transportation Coalition.

13 MR. SCHENK: Normal Schenk, UPS, responsible
14 for Global Customs Policy and International Security.

15 MR. FOWLER: Good morning, everyone. Carl
16 Fowler from Menlo Worldwide. I'm responsible for
17 business development and solutions engineering.

18 MR. BEASLEY: John Beasley, Jarden Consumer
19 Solutions, Director of Transportation Logisitics.

20 DR. KOUVELIS: Panos Kouvelis, The Boeing
21 Center, Washington University in St. Louis.

22 MR. LYNCH: Gary Lynch, Marsh McClennan
23 Companies. We are the world leader of the --

24 MR. BROWN: Stan Brown, Chief Field Officer,
25 CA Technologies.

1 DR. BOYSON: Sandor Boyson. I'm the director
2 at Supply Chain Management Center at University of
3 Maryland, College Park, and professor.

4 MR. ROWLEY: Daniel Rowley from General
5 Electric. I have the responsibility for global supply
6 chain.

7 MR. GADDIS: Evan Gaddis, Gaddis Electric and
8 National Electrical Manufacturers Association.

9 MR. BROTEMARKLE: Scott Brotemarkle for
10 Transportation Research Board, marine and intermodal
11 transportation specialist, formerly of the Ports Bureau
12 for EPA.

13 MR. BARONE: I'm Tony Barone. I'm Director of
14 Global Logistics Policy for Pfizer, a global
15 manufacturer.

16 MR. MOTTOLA: Dennis Mottola, Corporate
17 Manager, Traffic and Logistics for Bechtel Corporation.

18 MR. SMITH: Chris Smith, American Fuel and
19 Petrochemical Manufacturers, State Department
20 Transportation.

21 MR. COOPER: I'm Jim Cooper. I'm with the
22 American Fuel and Petrochemical Manufacturers.

23 MS. RUIZ: Cynthia Ruiz, the Port of Los
24 Angeles, America's port, the number-one container port
25 in the United States.

1 (Laughter)

2 MR. BOWLES: Dennis Bowles, Logistics Manager
3 of Stupp Corporation.

4 MR. ROSENBUSCH: Hello. Corey Rosenbusch with
5 the Global Coal Chain Alliance, and we represent
6 refrigerated warehousing and transportation companies.

7 MR. GREULING: John Greuling with the Will
8 County Center for Economic Development, the home to
9 North America's largest inland container port.

10 (Laughter)

11 MS. DiRUGGIERO: Hi. Marisela DiRuggiero --
12 with the Port of Los Angeles, America's number-one
13 port.

14 (Laughter)

15 MR. ADISE: Russ Adise, Department of
16 Commerce.

17 MS. INMAN: Fran Inman, California
18 Transportation Commission.

19 MR. BOLEDOVICH: Glenn Boledovich, Department
20 of Commerce, National Oceanic and Atmospheric
21 Association.

22 MR. MAGNUSON: Good morning. Gary Magnuson
23 with Cabinet-level -- Container Agency Committee on the
24 Marine Transportation System.

25 MR. HENRY: Dave Henry here at the Department

1 of Commerce with the Economics and Statistics
2 Administration.

3 MR. ORSINI: Good morning. My name's Nick
4 Orsini and I'm the Chief of the Foreign Trade Division
5 at the Census Bureau.

6 MS. VERB: Kathleen Verb -- the Toy Industry
7 Association.

8 MS. LIPSITZ: Rochelle Lipsitz, Department of
9 Commerce, International Trade Administration.

10 MR. SCHMIT: Good morning. I'm Mark Schmit
11 with NIST's Manufacturing Extension Partnership
12 Program.

13 MR. STOWE: Ron Stowe, Inspector with Group
14 Logistics and Telecom.

15 MR. RYAN: Joe Ryan with --

16 MS. McCANN: Dora McCann, Port of San --
17 compliments to America's port -- products to the south.

18 MS. CULLATHER: I'm Ann Cullather with -- Port
19 of LA and Port of San Diego.

20 MR. CARTER: Good morning. Carl Carter,
21 International Paper Company, Associate General Counsel,
22 Gold Supply Chain and Information Technology.

23 MR. ADLER: Good morning. I'm Ken Adler with
24 the Maryland Protection Agency and also representing
25 the Smart Way Transport Partnership Program here at

1 EPA.

2 MR. PAYNE: My name is Kip Payne with the
3 American Association of Port Authorities.

4 MR. PADILLA: Good morning. Tony Padilla,
5 Department of Transportation, Maritime Administration.

6 MS. RAYMAN: Hello. I'm Caitlin Hughes
7 Rayman. I'm with the U.S. Department of Transportation
8 and I'm the new Office Director for General Highways,
9 Freight, and Internal Operations.

10 MS. BLAKEY: Leslie Blakey, Coalition for
11 America's Gateways and Trade Corridors.

12 MR. LONG: All right. Just two final things.

13 It's obviously an all-star team. Thanks again for
14 coming with us. I just want to mention, I invited Joe
15 Bryan of Parsons Brinckerhoff, who just introduced
16 himself, to participate. He's the author of one of
17 last year's TRB studies on how to measure the
18 transportation system. We posted some of his materials
19 on the website, presentations for that. He's
20 volunteered to be a resource for the committee on
21 various supply chain and transportation metrics and
22 performance issues.

23 I think -- let's see. Without further ado,
24 let me introduce our Chairman. I think we'll start
25 with mentioning Rick Blasgen is the new Chairman of the

1 committee. He's the President and Chief Executive
2 Officer of the Council of Supply Chain Management
3 Professionals.

4 I think he needs no introduction, but we'll do
5 this anyway. He has more than 27 years in various
6 kinds of supply chain, including refrigerated and food
7 shipment and the rest, and is an expert in every aspect
8 of this. Without further ado, let's give it up for
9 Rick.

10 (Applause)

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1 **CHAIR AND CO-CHAIRS - COMMENTS AND COMMITTEE BUSINESS**

2 **Chair Rick Blasgen**

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4 CHAIRMAN BLASGEN: Thank you very much. Let
5 me add my thanks to all of you for participating in
6 this effort. It's not often we assemble the magnitude
7 of supply chain experience that we have in this room,
8 so it's really an honor just to be with all of you and
9 kick this movement forward.

10 As David said, the goal of today is to really
11 hear from the subcommittees. I want to thank them all
12 for meeting. They've all met either face-to-face or on
13 the phone to talk about some of the initiatives and
14 framing questions that we built at the onset of this.
15 There's been a great response from each one of those
16 committees and we'll hear directly from them.

17 Today is all about the voice of business. How
18 do we create a recommendation going forward in
19 conjunction with some of our partners from the
20 Department of Transportation, we have EPA here as well,
21 and other agencies that will be helping us along this
22 competitiveness trail. So, we'll hear from them as
23 well a little bit today but it's all about the voice of
24 business and in particular some of the work that's been
25 going on in the five subcommittees.

1 We'll look at each one of those and hear
2 directly from them in terms of what is going on in
3 their areas of responsibility and, importantly, how
4 they relate to one another. If we learned everything
5 in supply chain management, it's all about
6 collaboration up and down the supply chains. None of
7 us do anything in a silo, so everything we do will be
8 coordinated and we'll discuss how it relates to one of
9 the other committees as we move forward as well.

10 In terms of the committees we have Freight
11 Movement Policy headed up by Cynthia Ruiz, Trade
12 Competitiveness from Tony Barone, Data and IT from
13 Sandor Boyson, Regulatory Issues from John Beasley, and
14 then Finance and Infrastructure with Mike Steenhoek
15 heading that committee up. Again, we'll hear from each
16 of them in just a few minutes.

17 Wayne Darbeau sends his regrets he cannot be
18 here, but we had Wayne on the phone. He's the other
19 co-chair here, co-chair of the entire committee, along
20 with Page Siplon who's here, and we'll hear from Page
21 as well in a couple of minutes.

22 So today it's all about making sure that we
23 understand we have some time constraints. We want to
24 hear from the five committees. At the end we will
25 leave time for all of us to talk about what we hear

1 today and what's the important linkages that we have to
2 think about going forward from subcommittees, and have
3 the entire committee weigh in on what they hear and
4 provide some advice and guidance on what each of the
5 subcommittees also have to say. So we'll think about
6 that in terms of leading up to our ultimate
7 recommendations which this committee is designed to
8 accomplish over a two-year period.

9 One of the other things that David and I
10 chatted about, this is not to be perceived as just an
11 event. I mean, it really is an important opportunity
12 for us and the voice of business to make
13 recommendations that will be hopefully listened to and
14 honored by those that are making major decisions on
15 policy going forward in the country. So it's really an
16 ongoing attitude towards how we move supply chain
17 forward within our country's competitiveness angle and
18 on a global stage.

19 So we'll talk about the important questions to
20 address within each of the five subcommittees, what are
21 the priorities among them, and talk a little bit about
22 probable deliverables and what we foresee as
23 deliverables as our meetings continue to go forward and
24 how do they link to the efforts of the Department of
25 Transportation and other agencies as well. We'll talk

1 a little bit about schedules with regard to the
2 subcommittees.

3 Importantly, also, the committees will move at
4 different paces, so likely the Freight Movement
5 Committee may go first in terms of energy and moving
6 forward with some of the deliverables that they may
7 come up with, but it's okay for each of the five
8 subcommittees to move along at a different pace. As we
9 hear from other committees, those ideas will be paved
10 into what each of the committees are trying to
11 accomplish in their major roles as well.

12 I mentioned the framing questions. They're
13 just what they're called: framing questions. They're
14 not meant to be, this is the guidepost upon which we
15 deliver our recommendations. They're just to frame it
16 up as you begin to work--we've already seen some of
17 this happen in the subcommittees--on the actual content
18 and you're going to come up with different questions in
19 different areas upon which you think the recommendation
20 should be built. So don't think of those framing
21 questions as concrete, they are just that, framing
22 questions upon which to get the conversation started.
23 So, lots of flexibility exists within those.

24 In the end, we'll have some concrete, and
25 hopefully quantifiable, goals that the government can

1 take and hopefully implement and take forward and think
2 about in terms of the voice of business as to how we
3 implement them in our greater supply chain work.
4 Perhaps we'll come up with some comments on, if we were
5 able to do this, it may save this many dollars within
6 the future in this area of the supply chain. So, it's
7 okay to come up with some guideposts on quantifiable
8 deliverables.

9 So before we get going on the subcommittees,
10 let me turn it over to Page. Page, if you have a
11 comment or two from your perspective, it would be great
12 to hear from you.

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1 **CHAIR AND CO-CHAIRS - COMMENTS AND COMMITTEE BUSINESS**

2 **Vice-Chair Page Siplon**

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4 MR. SIPLON: Sure. First, thanks for coming
5 today. I mean, we represent -- if you look around the
6 room, it's pretty staggering, the perspective and
7 expertise and the different viewpoints that we bring to
8 the table. We're all assigned to different
9 subcommittees so I'd encourage you obviously to
10 contribute as much as you can to your subcommittee.
11 We've got a real opportunity here to make a difference.

12 But I'd also add that, don't just focus on
13 your subcommittee, think about the broader supply chain
14 and what its challenges are. I probably don't need to
15 add, please don't be shy. As David said, this is not
16 just an event for us to sit around and look at each
17 other, we're here to contribute.

18 So please try to be brief and focused in your
19 comments because we do have limited time, but let's try
20 to get some good actionable items together. The onus
21 is on us to really make a difference or not and I think
22 the latter is not an option for us. So, thanks again
23 for having us. I look forward to working with each of
24 you more as we move forward.

25 CHAIRMAN BLASGEN: Great. Thanks a lot, Page.

1 We mentioned earlier, both David and I, about
2 the Department of Transportation initiative launched
3 there in conjunction or collaboration, if you will,
4 with our committee work. We have Paul here. Paul,
5 thank you for coming. Caitlin, thank you for coming as
6 well. I just want to turn it over to Paul so that he
7 can, from his perspective, provide you a little insight
8 into the committee work that's going on there and how
9 it might relate to our work.

10 So, Paul?

11 MR. BAUMER: Absolutely. I want to echo
12 what's been said here. I think the Department
13 leadership is very excited about the work this
14 committee can do and hopefully advise our Secretary on
15 moving forward on freight policy. We've got a great
16 opportunity in front of us with the passage of MAP-21
17 this past July where we are now taking initiatives in
18 the freight policy area that we haven't for many years.

19 This committee will be very critical to
20 advising us from your competitiveness and supply chain
21 perspective. Many of you have heard, we are also
22 setting up a Freight Policy Advisory Committee of our
23 own at the Department and that group is going to also
24 be advising us on many things relating to the MAP-21
25 freight policy.

1 But we view both of these committees as
2 complementary, from one that the Transportation
3 Committee is going to involve a broader set of
4 stakeholders, take it to perhaps a larger set of
5 viewpoints that the Department of Transportation has to
6 consider in its many decisions.

7 But you guys on the Supply Chain Committee
8 have a really great opportunity to sort of focus your
9 recommendations. First of all, you're already set up
10 already. The Freight Advisory Committee is going to
11 take a little bit of time, but really focus your
12 recommendations on what would improve the
13 competitiveness of the United States from a supply
14 chain perspective, how can we improve freight policy
15 from a supply chain perspective that may get lost in
16 sort of the broader conversation we have with the
17 Department.

18 So our leadership remains eager to work with
19 both our committee and the committee here, which is why
20 I'm here, it's why Caitlin is here from the Federal
21 Highway Administration, it's why we'll have other folks
22 from the DOT coming in and out of meetings and
23 subcommittee meetings when possible to work with you
24 all to make sure that recommendations that you put
25 forward will be of use to us.

1 CHAIRMAN BLASGEN: Thanks, Paul. I really
2 appreciate that.

3 I also want to thank, before I go any further,
4 the staff of the Department, who has really helped us
5 with all the administrative work going on. With each
6 and every subcommittee there's a linkage from the
7 Department to each subcommittee, and of course a
8 linkage to this great committee as well, and they've
9 done great work to get us as far as we are now. So,
10 thanks to all of you from the Department of Commerce
11 for all of your help as well.

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SUBCOMMITTEE BUSINESS REPORTS AND COMMITTEE DIALOGUE

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3 CHAIRMAN BLASGEN: If you'll notice the agenda
4 here, we've got a couple of hours that we've set aside
5 for all of the five subcommittees to report. We
6 specifically left that timing a little loose there so
7 that we can get some interchange going and make sure
8 that if the committee members have questions of the
9 subcommittee in terms of clarifying some of the points
10 that they put forward, we're able to accomplish that.

11 David and I will be watchful if we start to
12 see a lot of redundancy. We're not being rude, we just
13 want to make sure that we adhere to our time and make
14 sure that we get the salient points down and remain
15 with some time at the end for the overall committee to
16 sort of think about what's going on here over the past
17 two hours to ensure we end the day with everyone
18 participating and getting the clarifying answers that
19 they may have to some of their questions of each
20 subcommittee.

21 In the meantime here we'll have a working
22 lunch. We'll be able to take a break or two and get a
23 bite to each and then also end the day on a note of
24 collaboration in terms of what we heard, and anything
25 that going forward we need to think about as we go off

1 into our subcommittee meetings and then prepare for our
2 next face-to-face meeting, which I believe is in June.

3 So with that, let me turn it over to Cynthia
4 and we'll begin the process going. Again, please feel
5 free to ask her questions to get the process going.

6 So, Cynthia?

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1 **SUBCOMMITTEE BUSINESS REPORTS AND COMMITTEE DIALOGUE**

2 **Freight Policy and Movement**

3 **Cynthia Ruiz, Chair**

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5 Framing Question: *What metrics and priorities need to*
6 *be included in the MAP-21 performance measures and*
7 *national strategy to enhance trade flows?*

8
9 MS. RUIZ: Thank you, Rick. My name is
10 Cynthia Ruiz, as I indicated, from the Port of Los
11 Angeles. I have the honor of serving as chair of the
12 Freight Policy and Movement Subcommittee.

13 I have 10 amazing people on my committee:
14 Chris Smith, Rick Gabrielson, Ron Stowe. I don't know
15 if Ron is in the audience or not. Sitting at the table
16 with us today: Carl Fowler, Dean Wise, Leslie, Rick,
17 Lance, and Bill Hanson.

18 So we have had already two subcommittee
19 meetings. Basically, the task that's in front of us,
20 our framing question, is: what metrics and priorities
21 need to be included in the MAP-21 performance measures
22 and national strategy to enhance trade flows?

23 So what we did with the first two meetings is
24 basically kind of set the foundation and use it as an
25 educational opportunity. We have a great committee but

1 we have different committee members with different
2 understandings of the issue.

3 So our first meeting we actually had Paul from
4 DOT come in and talk to us about MAP-21 and basically
5 the criteria for the Tiger grant program, and also, as
6 he indicated, the committee that DOT is putting
7 together.

8 The second meeting, we had Joe Bryant, who is
9 with us today as well, talk about the TRB report from
10 last July, basically looking at sourcing patterns of
11 flow, destinations, routing, flow volume, and value
12 density.

13 So what we realized very early on in our
14 committee is that the task that's before us, the issue
15 that we're looking at is very complex and it has a lot
16 of different moving parts. So some of the issues that
17 have risen is that much of the data that we're relying
18 on is old.

19 The second issue is, there are problems with
20 the private companies providing the accurate data to
21 the government. Also, there are many different supply
22 chains. There are a dozen supply chains, so what supply
23 chain are we looking at? Are we looking at big box
24 supply chain, food, energy, municipal waste? So
25 there's a lot of different supply chains incorporated

1 and each supply chain may have different needs.

2 The other issue that we came across is that
3 basically freight crosses jurisdictions, so we are
4 right now looking at the issue, trying to figure out
5 where to begin. So we began with education. Today
6 after our meeting we're going to be having our third
7 meeting and so basically some of our committee members
8 said don't reinvent the wheel.

9 Basically there's a lot of good information
10 that's already out there so let's build on some of the
11 information that's already been done. So we're looking
12 at the 2005 report that was submitted to Secretary
13 Minetta. This afternoon we'll be starting with our work
14 plan. We realize that out of all the committees, we
15 probably have the most aggressive schedule.

16 We are hoping to have something by June, which
17 I know sounds kind of far away but it's right around
18 the corner. So that's where we're at so far. We have
19 had two meetings and we'll have our third today. We
20 are working very quickly, but also understand the
21 complexity of the issue that's before us.

22 So if any of the other committee members would
23 like to chime in, Lance, Leslie, Dean, Bill, Rick?
24 Anybody?

25 CHAIRMAN BLASGEN: Well, Cynthia, I was

1 thinking one of the things that strikes me around data
2 is the linkage you might have with Sandy's
3 subcommittee. Have you talked at all about some of the
4 issues you're having and what their committee is going
5 to accomplish in terms of information technology and
6 data?

7 MS. RUIZ: We have not. We have not
8 connected, but that's a good point.

9 MR. SIPLON: Cynthia, just a broad question.
10 Your group is Freight Policy and Movement. You talked
11 a lot about the movement side, and obviously they're
12 connected, freight policy. Any particular things on
13 the policy side that you guys are -- I know you're
14 still exploring. But you talked about data and -- that
15 maybe impacts policy. Any thoughts on the policy side?

16 MS. BLAKEY: I think looking at these
17 performance measures and getting feedback in very
18 quickly in to DOT on that is kind of the primary test,
19 and then after that we'll say, we got that job done, at
20 least we hope, and then we'll start to lay out the -- I
21 think the broad policy objectives and opportunities and
22 so forth are going to start to actually get -- this
23 Congress starts to debate things like the Water
24 Resources and Development Act and some of the
25 transportation bills that actually get on the table

1 will start to shape the policy discussions as well.

2 MS. RUIZ: Lance, did you have any thoughts on
3 that?

4 MR. GRENZBACK: I think the discussion that
5 you started in the subcommittee meeting was -- it's
6 fine to have metrics. The question is, what are you
7 measuring? I think you pointed it out quite clearly
8 that there are dozens of different supply chains.

9 A food supply chain on the west coast is
10 different than the east coast, so one of the questions
11 is, what are you looking at, what are you measuring
12 once you measure? I think the policy will sort of
13 become clear and if we don't have the proper investment
14 or we don't look at it, don't have a mandate to look at
15 it -- we started some discussion, I think.

16 MS. RUIZ: Bill, did you have any thoughts?

17 MR. HANSON: Yes. I think that's a nice "hit
18 me on the head" here because we've got to look at the
19 data first to see what's available before we make
20 decisions. We've been talking about a broad spectrum of
21 supply chain, including, I think maybe for the first
22 time, maritime. MAP-21, we have to remind ourselves,
23 included a maritime title for the first time ever. As
24 more of these other policy issues come up, perhaps
25 there's other vehicles other than the traditional

1 legislation to move other issues forward.

2 MS. RUIZ: Carl, Chris, Ron?

3 MR. FOWLER: The metrics dashboards,
4 measurements -- are all great, but the data needs to
5 drive action -- so if we -- we've heard that there are
6 several different types of supply chains. All of them
7 have unique needs. But I do think we have the ability
8 to distill down to some pretty --

9 Where does -- get hung up in the --? Then
10 what cost or what -- does that drive the supply chain?

11 What can we do from a policy standpoint to eliminate
12 the points for that material, that freight in the
13 supply chain -- I think that we can find those key
14 metrics that indicate where that happens and I think
15 that we'll find some commonality across those supply
16 chains. So again, measuring for measurement's sake
17 doesn't do much. The data has to be able to drive
18 action -- can find those common points where things do
19 get hung up.

20 MS. RUIZ: Chris, did you have any thoughts?

21 MR. SMITH: I wanted to echo one other comment
22 with respect to Paul's comment on the Freight Advisory
23 Committee of U.S. DOT -- discussion about how our work
24 will synch -- the production committee of the U.S. DOT
25 committee and on the policy front, once we get past the

1 data, conversation -- as the Department begins to make
2 policy and rulemaking in lines with what DOT is doing,
3 it will have a major bearing on some of the
4 recommendations that -- as well.

5 MS. RUIZ: Ron?

6 MR. STOWE: We also talked briefly about
7 needing to look at external influences as well as
8 internal, I mean, things as obvious as the impact of
9 the Panama Canal and reactions to that and the
10 budgetary implications, and who our main competitors
11 are and what they're doing in their infrastructure to
12 make sure we're acting in a realistic context. So I
13 think as soon as we get through the metrics, we need to
14 look at those issues as well.

15 MS. RUIZ: And then we also have Rick
16 Gabrielson from Target on the committee.
17 Unfortunately, I don't think he could make it today but
18 he's added a lot of value because he's been involved
19 for many, many years.

20 CHAIRMAN BLASGEN: Yes. This is an
21 interesting one as it relates to freight movement. As
22 we all know, there's several modes, right, and they all
23 have different metrics. Then within those modes you
24 have direct store delivery, warehouse delivery, and
25 they all have their own sets of metrics.

1 So it may be one where we have to aggregate
2 those metrics up in order for it to be meaningful in
3 terms of a recommendation as opposed to succinct
4 measurements and metrics in the rail industry or the
5 transportation mode and so on, because we all know they
6 exist. So from this committee's perspective it would
7 be great to come out with a freight movement
8 recommendation on metrics that all of the -- can get
9 behind as it relates to a recommendation.

10 MR. WISE: I would theorize it will come after
11 looking at a black hole on metrics. As you look at so
12 many different supply chains, we'll come back to what
13 Mike Steenhoek recommended very succinctly at our first
14 meeting, the five metrics that all supply chains have:
15 safety, cost, speed, risk, and reliability. If we put
16 MAP-21 at the -- and say what's missing, I think that
17 would be a good exercise to this policy issue.

18 MR. LONG: I had a question for this group.
19 It seems like the discussion is moving from sort of the
20 modal things that might be sort of the first cut of
21 what MAP-21 is about. It sounds like we're looking at
22 the larger question of, should there be performance
23 measures by entire supply chain, and how far do you
24 want to extend them. Is there more in the discussion
25 on that point or is it largely covered by what we've

1 said so far?

2 MS. RUIZ: I think it's largely covered by
3 what we said so far. I mean, obviously we've only had
4 two meetings and they've been conference calls. I
5 think today, since we're going to finally have our
6 first in-person meeting, I think we'll get a lot more
7 done when we're face-to-face. So as you can see it's a
8 very complex issue and I have a great team, so I'm real
9 excited and think we can do a great job.

10 MR. LONG: Let me mention, too, we have some
11 things. We're participating actively through NILA and
12 ITA and the Committee on Marine Transportation Systems.
13 They're participating actively with DOT also on this
14 whole question of maritime performance measures and
15 what ports are there. So, we'll be able to draw on
16 some of that material for your work as well.

17 MS. RUIZ: Thank you.

18 CHAIRMAN BLASGEN: I do like the scope,
19 though, of reliability and things that are moving out
20 there, particularly bottlenecks. You know, where do
21 bottlenecks exist, why do they exist, and what can we
22 do in terms of recommendations to eliminate those, or
23 at least diminish their impact on the supply chain in
24 total. So, great.

25 Do any of the other committee members have any

1 questions for this subcommittee? Feel free to toss
2 those out if you'd like.

3 (No response)

4 CHAIRMAN BLASGEN: If not, we will spend some
5 time at the end sort of just thinking about what we've
6 heard today as an overall committee and you can comment
7 then as well.

8 Cynthia, thank you. Thank you very much.

9 Next, will be Tony, Tony Barone, for Trade and
10 Competitiveness.

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1 **SUBCOMMITTEE BUSINESS REPORTS AND COMMITTEE DIALOGUE**

2 **TRADE AND COMPETITIVENESS**

3 **Anthony Barone, Chair**

4
5 Framing Question: *What priorities need to be*
6 *incorporated into the National Export Strategy to*
7 *strengthen supply chain competitiveness?*

8
9 MR. BARONE: Thank you, Rick. Our group
10 agreed on the statements. I will read it. Normally I
11 wouldn't read it--I'm somewhat outspoken--but I will
12 read it.

13 The Trade and Competitiveness Subcommittee has
14 had only one opportunity to discuss the charter before
15 today. It's very early to discuss in detail what
16 recommendations the committee may be making. In
17 general, our strategy will be to get down to a
18 manageable number of concrete, actionable, measurable
19 recommendations directly related to supply chains.

20 Having said that, we do wish to mention at a
21 high level that American trade competitiveness needs to
22 be supported through vigorous negotiation and
23 protection of our trade interests, as well as by
24 enforcement of the provisions of existing trade
25 agreements. Other factors such as the United States

1 corporate tax structure can have a major impact,
2 discouraging United States manufacturing and therefore
3 exports and jobs.

4 Similarly, certain State policies can have the
5 effect of disrupting interstate commerce. Although
6 these factors may be largely outside the realm of the
7 advisory committee, they are compelling factors the
8 subcommittee could not overlook in its remarks.

9 Turning to supply chain, it's the
10 subcommittee's preliminary view that a key
11 consideration in our competitiveness is our capability
12 to manufacture quality products in the United States at
13 globally competitive costs and to be able to supply
14 them reliably and predictably, recognizing that almost
15 no manufacturing good does not contain the product of
16 many countries.

17 In other words, how can the U.S. Government
18 facilitate the import and export of manufacturing
19 components and the finished products made here from
20 those imports? In this regard and recognizing the
21 overlap with the Regulatory Subcommittee, we will
22 concentrate on how auto-management process, import
23 structure, and related issues add friction and cost to
24 the import and export of manufacturing components, both
25 directly to manufacturers and indirectly through costs

1 incurred by service providers that support
2 manufacturing supply chains.

3 As the committee work progresses, we
4 undoubtedly will seek the support of the 47 agencies of
5 the Federal Government that have an import and export
6 role.

7 That is the statement. I invite subcommittee
8 members to comment. We have quite a team, a diverse
9 team.

10 MR. BROTEMARKLE: Scott Brotemarkle. I'd like
11 to just comment quickly. When we had our initial
12 discussions when we were framing what this group should
13 over, we struggled with whether we should cover the
14 infrastructure side. Obviously there are other groups
15 that are talking about that.

16 It was my feeling that because there are
17 business decision points and costs associated with
18 deficient infrastructure and issues with existing
19 infrastructure, that it should be included in this
20 discussion as well as in the performance measures and
21 pure sort of transportation-driven discussions in some
22 of the other groups.

23 There are some great examples we could point
24 to on the -- side, and also something that's been
25 really eliminated from -- on the inland waterways side,

1 which is really our conveyor belt of exports and our
2 ability to service our manufacturers with the inputs to
3 manufacturing. So I think there's a lot of
4 infrastructure at stake within the business arguments
5 and I'll continue to be the voice for that.

6 MR. BARONE: Other members?

7 (No response)

8 MR. BARONE: I actually don't even know who
9 all the other members are as we hadn't met before
10 today. But we have spoken on the phone, so I'd
11 certainly invite you all.

12 MR. ROWLEY: Dan Rowley. We also had a good
13 discussion about trade agreements, international trade
14 agreements and how they could -- really two aspects of
15 them. One aspect is what should be in the trade
16 agreements, especially harmonization efforts, some of
17 the examples of what's going on in the current
18 discussions with the E.U. I think that's excellent new
19 trade. Then the other piece of it was how could we
20 more effectively and efficiently enforce the trade
21 agreement quality.

22 MR. MOTTOLA: Dennis Mottola with Bechtel
23 Corporation. Just, it strikes me that going back and
24 looking at the overall framing of this committee and
25 why the committee exists is really wrapped around

1 national freight policy and infrastructure as our
2 overall mission, if you will, to direct or advise the
3 Commerce Secretary.

4 So I see what we do in this Trade and
5 Competitiveness Subcommittee certainly is going to have
6 to feed information towards that end, and regulatory is
7 something that we're going to have to be connected
8 with, and also the freight movement. Those are the key
9 subcommittees, I think, that are going to add to what
10 the mission of the group is.

11 CHAIRMAN BLASGEN: One thought comes to mind.
12 As each subcommittee begins to do their work, they may
13 come across an item like infrastructure and you may
14 say, well, there's a subcommittee that is designated
15 for infrastructure. I would say tee it up anyway.
16 We'll figure out what's redundant at the end of the
17 day, because what you may hit upon in this committee is
18 an infrastructure area that might be different than
19 what the Infrastructure Committee is actually looking
20 at.

21 Then the other question I had on
22 manufacturing, do you look at that as a very key
23 component of what the committee is going to recommend
24 and then some of the factors that may be needed in
25 order to increase the manufacturing competitiveness in

1 the country? Because it certainly is a large component
2 of the trade competitiveness, right?

3 MR. BARONE: I can tell you, from a company
4 from ours' point of view, certainly General Electric
5 where you have manufacturing locations in 100 or more
6 countries and there's time to roll out a new product
7 and say, well, where are we going to make it, a key
8 issue is, how difficult is it to make it in the United
9 States?

10 As I mentioned, 47 agencies is a lot of
11 agencies. So it's not just what you make within the
12 borders of the United States. It's if you have to get
13 stuff into the United States to manufacture these
14 things, and then you have to get them out of the
15 country. So it's a continuing supply chain. I think
16 that the competitiveness of the U.S. is largely related
17 to how easy it is to do business here. I don't know if
18 you'd like to add to that or have thought of any other
19 points.

20 MR. ROWLEY: And I would add, to go back to
21 what I was mentioning before, the other thing that we
22 have to think about is where we're faced with a
23 regulatory regime somewhere else that doesn't match the
24 United States, can we then effectively manufacture here
25 and export it there or is it easier, simpler, are we

1 going to be under pressure from the government there to
2 manufacture there? So we have to take that into
3 account as well.

4 MR. BARONE: We actually had this discussion
5 within our phone call. I personally don't know
6 anything about that plan. I mean, I did read through
7 it and saw the titles and I read some of the pertinent
8 sections, but when we're buying transportation I buy it
9 from Norm. Norm provides the transportation, so he
10 needs to deal with the highways and the airports, and
11 that. His costs are reflected in his pricing to me and
12 my pricing is reflected in the costs of our products
13 overseas.

14 So it's certainly not a simple process, but
15 from a U.S. export point of view actually at the end of
16 the day it becomes pretty simple: can you make product
17 competitively in the U.S. or not? At the end of that
18 day is what the buyers overseas care about. I don't
19 know, Norm, if you want to add to that.

20 MR. SCHENK: Norm Schenk with UPS. Certainly
21 there's a lot of different aspects from the supply
22 chain for us, but I think one of the particular areas
23 that we're keying on with the committee are the
24 bottlenecks at the border.

25 Tony touched base on the agencies, but many of

1 the companies in here, whether we're supply chain
2 providers for companies that use it on that, we have
3 highly sophisticated networks and systems, all types of
4 things, yet when it comes to crossing the border you
5 have to deal with all these different agencies as if
6 it's a different country coming across.

7 The costs associated with that mount while we
8 absorb the costs as a supply chain provider, but
9 ultimately they're getting passed on to the customer on
10 that. So, looking at better coordination between the
11 agencies.

12 I think another thing we're looking at is
13 thinking about all the different types of companies
14 that are out there. I see there are many large
15 organizations that are represented here today, but we
16 also need to look out for the small- and medium-sized
17 customers, which are really also the backbone of the
18 economy and how we can help them to grow, particularly
19 with the explosion of the business-to-consumer market
20 that we're seeing.

21 MR. LONG: Those are very powerful topics and
22 they're certainly basically at the core of what we're
23 trying to do here. Is it a better place to do business
24 or not, and talking about those issues and the weight
25 that should be given them as we look at things like a

1 national export strategy or other trade planning
2 exercises.

3 If the group could identify things that need
4 to be fixed in the structure, approach, or weight given
5 to these things, that would be important. The
6 infrastructure question is part of that, too. The
7 President's Export Council, I think, is delivery a
8 recommendation to the White House, I think today, to
9 the effect that infrastructure issues have not received
10 enough attention in trade planning.

11 So, things we could add in that area or in the
12 complexity of doing business here are definitely the
13 right areas. They also seem to tap into many of the
14 questions that were put out for recommendations or
15 review in the World Economic Quarterly Report on Trade
16 Facilitation Benefits recently, too. So it sounds like
17 you're on the right track with all of this.

18 CHAIRMAN BLASGEN: There's a notion, too, in
19 the professional supply chain world that's called
20 lowest delivery cost, or least landed cost, total
21 lowest landing cost. Basically if you can spend \$2
22 million more in manufacturing and save \$4 million in
23 transportation, you're going to do it. So however we
24 can align those areas to get the total costs down,
25 that's going to be the goal.

1 We know there is, in the manufacturing world-
2 -I came out of that arena--there are people that make
3 those decisions based on that notion, if all things
4 being equal, if I can manufacture over here and save a
5 lot of money for my company, if I'm a privately traded
6 or publicly traded company, I've got shareholders and
7 stakeholders and there's a reason why they do what they
8 do. They will find the path of least resistance.
9 Transportation planners, people that route
10 transportation, will do the same thing. If I can bring
11 them in here and there's no obstruction or no
12 bottleneck, I'm going to do that.

13 Over here it might be cheaper, but if I add
14 three days to my supply chain that's taken into the
15 overall consideration. Effective transportation people
16 really understand that. There's a lot of discussion on
17 the Panama Canal right now in terms of logistics
18 centers and what that means in the Caribbean and South
19 Florida. So
20 it's --

21 MR. BARONE: So Rick, you're absolutely -- we
22 did discuss this on the call. It's not just a matter
23 of cost, transportation, anyway. If you don't know
24 whether it's going to take 3 or 13 days to clear the
25 border and get into a factory, then you can't not plan

1 your production schedule accordingly, you can't
2 minimize your inventory. There needs to be reliability
3 as well, and predictability, and consistency. We don't
4 always see that coming into the United States.

5 MR. BEASLEY: Tony, we talked Friday and
6 basically made that same statement. I went back to see
7 what my company does. Rick, what you just said, that's
8 what Jarden does all the time. It's, how many projects
9 we have going. It's not just necessarily what are we
10 going to do next year.

11 I mean, it's almost gotten item-specific --
12 project -- transportation -- looking at all the rest of
13 the pieces, what the manufacturing costs are, what the
14 duties are going to be. All those pieces are evaluated
15 down at the end. So I completely understand your
16 statement about reliability. My president -- fast we
17 can get it there.

18 Reliability is a big factor but we -- that
19 cost at some point, at least in my organization. At
20 some point there is a value, a financial guy is going
21 to give a value to that reliability. It's not about,
22 it's nice to have my part, it's about, it's more
23 expensive if I shut down the production line --
24 transportation. So at the end of the day, I agree that
25 that is the proper thing to do. It still comes down to

1 the lowest cost.

2 CHAIRMAN BLASGEN: Are there any comments or
3 questions from other members of the general committee
4 to this subcommittee? Yes?

5 MR. WISE: I'd just like to observe that, as
6 you look around the room, most of us have a consumer
7 products bent or manufacturing bent. Very few have a
8 bulk materials or raw materials -- a few of us do. I'd
9 like to encourage the committee, particularly for
10 export trade, to consider the bulk materials. There's
11 a huge stress on the supply chain for export of bulk
12 material, and regulatory issues as well. I think about
13 Toll, L&G, Crew.

14 CHAIRMAN BLASGEN: Thank you. Okay, Tony.
15 Thank you very much.

16 Next, will be Information Technology and Data.
17 Sandy?

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1 **SUBCOMMITTEE BUSINESS REPORTS AND COMMITTEE DIALOGUE**

2 **INFORMATION TECHNOLOGY AND DATA**

3 **Sandor Boyson, Chair**

4
5 Framing Question: *How can we leverage IT technology to*
6 *enhance supply chain and export performance? What data*
7 *do we need for measurement?*

8
9 MR. BOYSON: Thanks, Rick. First of all, let
10 me introduce to you those members of the committee that
11 I know are here today at our second meeting. So to my
12 right we have Stan Brown from CA; we have Gary Lynch
13 from Marsh Company; we have Evan Gaddis. Evan, I don't
14 see you, I'm sorry. Oh, there you are. Okay. Wow,
15 you're right there. Great. So, Evan is with the
16 National Electrical Manufacturers Association.

17 I don't believe Jack Faber is here. Am I
18 correct in that? I believe he is not here, but he did
19 participate in the committee discussion, as did
20 Elizabeth Shaver from the Airlines for America. Bruce
21 Harsh is our staff person. He's done a wonderful job
22 in keeping us on task, so we appreciate that a lot.

23 Our committee has had two meetings and Bruce
24 and I have had a series of discussions. Then we were
25 also appreciative this past Friday. Rick had the

1 subcommittee chairs all talking together, as we were
2 able to through that positive activity, to reflect on
3 and help define what we think is -- simple, -- focused,
4 we hope, work plan.

5 So our work plan has two major priorities. We
6 hope that we can sort of take a business-like approach
7 to this, a management and consultant type approach
8 where we believe we've picked the -- analysis areas.
9 We believe we have a method in place that we can, over
10 the next six weeks, do some diagnostics that will
11 hopefully then lead to us formulating some potential --
12 actions that can lead to some action for
13 recommendations. So that's really our goal.

14 The two areas, first of all, have to do with
15 the need for supply chain data aggregation to bring
16 together critical information that we know is currently
17 existing and dispersed across multiple Federal and
18 State agencies, trade organizations.

19 To Carl Fowler's point, which is very
20 important, there are a number of us that work at the --
21 level. We would like to present actionable kinds of
22 information. It's not just data gathering for data
23 gathering's sake, it's to help facilitate business
24 transactions and policy transactions.

25 So as one of the handouts that you, I believe,

1 have gotten, it's called the National Supply Chain
2 Dashboard Design Template, and basically what we tried
3 to look at there was, how can you create a design
4 vehicle that will enable you to systematically
5 understand what the information requirements of major
6 stakeholders really are as opposed to our projection of
7 that.

8 We have identified a few boxes within this
9 grid format that we have. You have it in your
10 possession, I assume. But certainly competitive
11 network analysis. I mean, a number of us have used it.

12 Private sector network analysis tools to look at
13 blockages and transit times and those sorts of things.

14 We know that DOT has been working a lot on GIS type
15 systems for trade corridors in the U.S. that can help
16 you pinpoint those kinds of blockages, so we think
17 that's an important element.

18 Another one, going against some of the points
19 raised by Tony's committee, Economic Competitive Index
20 and the ability to use public domain economic analysis
21 tools to do really comparisons between multiple
22 manufacturing sites and national -- where are the
23 varied request elements that we don't have a good
24 advantage in but we could work on to minimize the
25 costs?

1 So we've developed several of those just
2 within the universe. We know of several different
3 public domain, readily accessible spreadsheet type
4 tools that we're talking about populating with actual
5 cost data. Again, landed costs and comparisons between
6 locations in the global supply chain network.

7 The third thing that we're seeing a need for
8 in the committee is, there's a lot of interest, as you
9 know, in investing in supply chains in the United
10 States, return of manufacturing to the United States.
11 The problem we've encountered, and I personally saw
12 this just recently, is in trying to understand the
13 whole plethora, if you will, of incentives and State-
14 level -- every tax regime at every State level is
15 different.

16 Select USA is reformed to try to act as a
17 clearinghouse but it doesn't really have a deep enough
18 drill-down to really help investors to look for real
19 estate opportunities, clustering, or investments in
20 distributor centers, that kind of thing. So we're
21 hoping that that's the kind of information that we
22 could potentially bring. We know this exists. It's
23 just a matter of, it's not in a readily accessible
24 form.

25 Similarly, on the information clearinghouse,

1 things about legislation, about indices, budget --
2 performance, intelligent transport system updates, all
3 of these kinds of information--it's like pulling teeth,
4 as you all know--put into one accessible place.

5 One thing that we read on is we're not here to
6 go portal. We're not here to stand up a functional IT
7 system. What we're doing is trying to create a design
8 vehicle to understand the information requirements of
9 major stakeholders. That's what we're trying to do
10 here.

11 So we hope that over the next six weeks we
12 have a whole series of meetings we'd like to schedule
13 in webinar form where our committee members can come
14 together and very quickly do a diagnostic about what we
15 believe would fit into this. You'll notice that
16 there's a lot of boxes that say "to be determined" and
17 that's because we hope they'll be derived from the work
18 on the subcommittee's performance metrics, the
19 information requirements. They generate in their
20 individual subcommittee and we hope we can build into
21 this whole informational architecture. So that's the
22 first thing.

23 I might tell you that we have looked and we
24 have not been able to find a national supply chain
25 dashboard anywhere in the world. We have not been able

1 to find it. So we think that there's potential for
2 innovation here. It's not just an issue of, well, let's
3 gather together information. There's a real potential
4 to do something different that may be a little bit
5 bolder but potentially could help adjust their stances
6 at the business level, policy level, through this
7 aggregation. No other country seems to be really doing
8 this from what we could tell, so we'd love to know, if
9 you know of models for this we would love to know.

10 So the second thing I want to talk about is a
11 little bit more concrete and that has to do with the
12 fact that the committee agrees strongly, I think it's
13 fair to say, with the single-window electronic trade
14 facilitation system, which has been in development for
15 12 years here in the United States.

16 If you compare it with Singapore, which we've
17 studied extensively at my center, I just came from a
18 visit studying their trade, they can get 15 agency
19 permits within 10 minutes, all online electronically.
20 I'm not quite sure how long it takes us, but I doubt it
21 takes 10 minutes.

22 So we intend to pursue this issue. The United
23 States, right now as the world's leading economy, has
24 the ability not only to adopt or innovate a best-
25 practice single-window system, but also to drive

1 standards across regions that can really give a boost
2 to the free trade zone movement that you all know is
3 accelerating. You all know it's accelerating.

4 So we think this is an important point and we
5 have developed a work plan to meet with core IT, trade
6 facilitation system providers over the next six weeks
7 to learn what is the status of the systems, these
8 nascent systems in construction and to see if there's
9 any way the committee could somehow--and I'm talking
10 about the entire committee, in coordination with the
11 subcommittees that are working in areas like export
12 promotion, competitiveness--accelerate this process in
13 developing a best practice single window. We think
14 this is crucial.

15 Singapore, by the way, has agreed -- Bruce and
16 I spoke to the Singapore government at the embassy here
17 and they've agreed to provide us a representative, the
18 developer of Trade Net, to talk with our committee and
19 we hope to learn a lot about how they did it, how they
20 did it so quickly.

21 So I think I'll stop there. I think we have a
22 pretty good work plan over the next six weeks. We
23 welcome working with the other subcommittees. If you
24 don't mind, I would like to take just a few seconds to
25 invite comment from the other committee members.

1 MR. BROWN: The only thing I would add is that
2 we also talked about defining who our stakeholders are.
3 We might have an idea that we want -- and we need a
4 definition of it to make sure that we're not excluding
5 anybody, we're not thinking of anything that might be
6 considered out of the realm of possibility as part of
7 the outcome of what we're doing.

8 In addition, when we talk about metrics, do we
9 need to have creation of a new metric that is not being
10 used today that would help us in the future going
11 forward so we're not only looking at the metrics that
12 are out there today, the metrics that are being created
13 and reported on a regular basis today, but is there
14 something that we need to create that would give us
15 better information, better visibility to what's going
16 on in the world that we're looking at, so we're also
17 including that as part of the work we're doing.

18 MR. LYNCH: I think the only other thing I'd
19 add to that is that we had a discussion about access.
20 Obviously, to bring together all this data, aggregating
21 the data, creates potentially some risk so that
22 discussion or that topic was cued up. Just as a
23 follow-up to what Stan had mentioned on new metrics,
24 certainly what we seem to be hearing quite clearly is
25 the cost of risk and the need to factor that in as one

1 of the key metrics, whether it's the cost of designing,
2 managing, or supporting risk seems to somehow be
3 evasive and qualitative.

4 MR. BOYSON: Yes. We also discussed, if you
5 don't mind my playing on that--and Carl, I hate to come
6 back to here--but the ability to new sources of data.
7 So for example, third party logistics companies that
8 are capable of -- for example, very large data sets
9 from the corporations that they're dealing with
10 hundreds and thousands of clients. I think it becomes
11 sort of a potential data source that we have not really
12 seen being tapped. I don't know how you feel about
13 that. I don't want to put you on the spot here.

14 MR. FOWLER: No, I think it's a great
15 question. You're absolutely right, there's a ton of
16 data that resides in -- companies today have really
17 good supply chain professionals that are -- their
18 logistics partners. What they're looking for is
19 insight. They know how to move stuff in their network.
20 What they don't know is how they stack up against not
21 only the competition here in the U.S., but the
22 competition overseas.

23 In the absence of bad data, or any sort of
24 data I should say, bad decisions are made. There isn't
25 a way to benchmark how they stack, how they're doing,

1 what they could do differently. So the best they could
2 go on is what they have. The three -- community has a
3 ton of data, not just the three -- community. Trucking
4 companies, railroads, the parcel companies as well.
5 There are reams of data that's there.

6 Ofttimes we find, when we go into Fortune 500
7 organizations, they have no idea how much they're
8 spending in the supply chain. They don't know. They
9 don't know where to go to get it. When they do get it,
10 they don't know what it means. They don't know what it
11 represents, what it means to them from a competitive
12 standpoint.

13 So I think one of the things that -- was
14 talking about around establishing those benchmarks was
15 that those thresholds are important because when
16 they're looking to make, or figure out where they make,
17 profits or a new product line or provide a new service
18 offering, they're trying their dead-level best to get
19 the information to make the right decision, but they
20 don't have it. So I think that there's a way in which
21 to pull that information together. It's out there,
22 there's just not a good view that's been collected. A
23 lot of people interpret it and use it to --

24 MR. BOYSON: Well, we love to pick people's
25 brains. I hope I can call on you. That would be good

1 cross-pollination.

2 Evan, did you have anything you'd like to add
3 on that?

4 MR. GADDIS: No.

5 MR. BOYSON: Okay. So Bruce, how about
6 yourself from the standpoint of any comments you want
7 to make?

8 MR. HARSH: Absolutely. We have a great group
9 and we are focused on trying to get a transmittal by
10 September. It is again the design of the product, the
11 design of the information rather than going all the way
12 to the portal that the committee members have talked
13 about. Our end goal possibly is to, X amount of time
14 down the road, have a portal but the first step for us
15 is to put together information of what is necessary and
16 then we'll go toward that.

17 MR. BOYSON: I think they've done it.

18 CHAIRMAN BLASGEN: Sandy, if you were supply
19 chain czar for a day, you mentioned the single window
20 electronic trade or single -- this idea of a more
21 focused electronic trade window. What does that look
22 like versus what it is today, in your mind?

23 MR. BOYSON: Well, I can tell you what it
24 looks like in Singapore. The problem I have is trying
25 to figure out what it looks like here today in the

1 United States. I don't have a good sense of that. The
2 committee didn't really seem to have that. But yet you
3 keep hearing these 47 entities and their -- so that's
4 part of the problem, I think. I think we're going to
5 try to have that handle on that over the next six weeks
6 and see what single window solution does in terms of
7 the higher processing time because that is ultimately,
8 I think what we need to do.

9 Now, the World Bank, I know, has done studies,
10 of course. There have been a number of rankings done
11 by them of processing times at the border. We don't
12 come in particularly high in those rankings. But I
13 think a lot of that has been based on, frankly,
14 interviews with the 3PLs as opposed to actually doing
15 the analysis itself of the wait times and clearance
16 times.

17 So we haven't really seen all the data, so
18 we're going to find out a little more, I hope, and try
19 to figure out what is -- now I can tell you, in
20 Singapore we observed exporters and importers sitting
21 in online environments and literally, within 10
22 minutes, they had what they needed to import and
23 export. We saw cranes at ports being programmed by
24 operators at sea with load information and it literally
25 programs the cranes and the unloading regime.

1 So, I mean, there are some places in the world
2 that have been doing this since about 1989, which
3 Singapore is when they started trading on Port Net. So
4 that's the kind of networking I think we're capable of
5 here in the United States. Given our IT industry, it's
6 probably much more sophisticated in a place like
7 Singapore. But we'll have to just sort of do the
8 research. I think we don't really know.

9 CHAIRMAN BLASGEN: And when you experienced
10 that in Singapore was it because they had functionality
11 that we don't have or they don't have policy regulation
12 or bottlenecks that we do have?

13 MR. BOYSON: I think they thought through the
14 process. I think they thought through the process from
15 end to end. They have new integrative -- they have a
16 very interesting museum they opened up there for the
17 transport and maritime industry. The first thing you
18 see when you go in is an end-to-end process, from a
19 ship at sea to the time that this stuff has been
20 unloaded, transferred.

21 The whole process unloaded -- call up there
22 and then all of the bottlenecks have been eliminated
23 since 1989, so you see like flow-through, really clean,
24 end-to-end flow-through. I don't know if we have that
25 here. Three years ago they designed a -- with major

1 events and outages as well. That was three years ago.

2 MR. PADILLA: Yes. Hi. This is Tony Padilla
3 again from the Maritime Administration. This is
4 interesting because at DOT Marriott we just received a
5 proposal from China that is very similar. It's
6 actually a regional network, a regional dashboard that
7 they're proposing between China and Japan and Korea.
8 It's very similar to the Singapore model. In fact,
9 they're working in Singapore as well as the E.U. It's
10 called NEALNET, Northeast Asia Logistics Network. I
11 can talk to them more about it.

12 MR. BROWN: Yes. That would be great. Could
13 we get the info on that?

14 MR. PADILLA: Absolutely. They actually have
15 all the 3PLs, just like was mentioned. They're all
16 talking to each other and they can go in within 10, 15
17 minutes and get the information. So it's a good model
18 to look at. It's not fully up yet online, but it's in
19 the works.

20 MR. BARONE: Just a point, that it is clearly
21 critical for supply chain management to have access to
22 current data. So the United States has been working on
23 international trade data system ITDF for 15 years and
24 it's not there.

25 CHAIRMAN BLASGEN: Fifteen years?

1 MR. BARONE: Right. So the Automated
2 Commercial Environment, ACE, has been in development
3 for, I don't know, 10, 12 years and we've spent \$4
4 billion on it. So it doesn't make the United States
5 more competitive to require more data from importers
6 and exporters, it just doesn't.

7 So in fact maybe Norm would want to comment on
8 this, but there's actually less data that makes us more
9 competitive, less requirements, less reporting that
10 makes us more competitive, not the other way around.
11 So I don't know, Norm, if you want to comment on that
12 or not. I mean, ACASH is a great example of this.

13 MR. SCHENK: During your comments here they
14 were talking about data. Really, you have more than --
15 there's just too much data, is the truth of the matter,
16 to make it practical. Really what it comes down to is
17 what data is really genuinely needed and how it's going
18 to be used.

19 That's one of the key things that needs to be
20 looked at. I would also ask the group -- again, we're
21 big proponents of the whole idea of one database for
22 all that and we do a lot with single windows around the
23 world. That being said, are you going to look a little
24 bit beyond the single window? The single window is
25 still transactionally based.

1 I think really from supply chain
2 competitiveness, we need to get beyond all this
3 transactional activity and start work more towards
4 account-based. You look at highly compliant companies
5 like Pfizer that bring in shipment after shipment of
6 Lipitor, why do they go through the same process that
7 somebody that's buying an individual knock-off product?
8 So I don't know if you're going to look at that on the
9 data, but if there's a way to get away from the
10 transactional piece and look more from an account
11 basis.

12 MR. BARONE: Norm and I work on a number of
13 committees together. That's why this is a topic that -
14 - but the U.S. doesn't exist in a vacuum. So when
15 there are requirements imposed upon U.S. manufacturing
16 entities that are not imposed on Singapore, India, or
17 China, et cetera, et cetera, that makes us less
18 competitive.

19 MR. BROWN: I think the key is not more data
20 or less data, I think the key is the right data. Okay.
21 So we have to define what the right data is.

22 CHAIRMAN BLASGEN: This also seems to me,
23 anyway, a situation where we don't need to create
24 functionality. Functionality exists. It's a matter of
25 all this data and how do you make it actionable and

1 directional in terms of making better decisions and
2 aggregate it up to something that's meaningful.

3 MR. SIPLON: We talked a lot about data and I
4 think it's a great example of, as you said, that's
5 critical. We talk about it on the structure side of
6 trade competitiveness data that is certainly going to
7 fuel a lot of these solutions and actions.

8 But I was also thinking about the other half
9 of your title of your committee is information
10 technology. If we look at supply chains and
11 competitiveness, they're changing, to say it lightly.
12 E-commerce and multi-channel and all these other things
13 are changing the way supply chains are moving and are
14 going to make that data even more and more important.

15 But it might also be interesting to see how
16 information technology -- not the data per se, the data
17 comes out of information technology, how the Federal
18 Government is looking at that and at least aware of
19 that and how we're preparing for supply chains that are
20 getting much briefer and shorter and need to be more
21 reliable in e-commerce and multi-channels and fuel for
22 certain industries.

23 So it just seems like e-commerce and that kind
24 of stuff should be part of the mix when you talk about
25 IT from supply chain competitiveness, because that's

1 going to be a big part of the supply chain going
2 forward no matter what kind of project you have or how
3 you should improve, whether it's a port or an airport.

4 I think IT is going to be a big role, so just the
5 broader perspective on technology, including data as
6 well.

7 CHAIRMAN BLASGEN: Okay. Other thoughts,
8 questions? Yes?

9 MR. BEASLEY: I think from my perspective the
10 amount of data could be in question but there are --
11 for example, 10 plus -- what we need for U.S. Customs,
12 particularly in our process. We need three times to
13 enter in data -- we're entering that -- and then we
14 have the same data as when we began.

15 There could be some improvement in collecting
16 that data at one point and for the most part we travel
17 downstream and there's only one or two other data
18 points that are needed in the second step -- data
19 points needed. But the bulk of the information that
20 we're putting in in the requirement of 10 plus 2 is the
21 same data that we need for these other steps and it
22 slows it down to have this competitive need to key that
23 information in or submit that information.

24 MS. RUIZ: So, I do have a comment. So one of
25 the things as we talk about technology and using

1 technology in this arena, I just want to make sure
2 we're also looking at the risks associated with
3 technology.

4 This morning we were in a briefing with
5 Senator Feinstein and basically what she was talking
6 about is how so many of the U.S. companies now are
7 being cyber-attacked by China and how a lot of these
8 banks are losing a lot of money, so as we move into
9 technology-based business we want to make sure that
10 we're assessing the risk involved in that as well. I
11 don't know how you prevent that, but at least being
12 aware of that.

13 MR. LONG: I had a question for Norm. You
14 mentioned sort of the need to move away from
15 transaction-based processing on this. How far along do
16 you see other governments, other systems in that? Is
17 it well advanced internationally beyond Singapore in a
18 few places like that? What is the state of play on
19 that one?

20 MR. SCHENK: From our perspective there's not
21 a lot of activity in that area. There are a handful of
22 countries that are interested and most of them are
23 smaller economies because they see the way to growth
24 for them is not internally, it's opening the borders
25 up. We're doing that. Tony and I didn't pre-trip

1 this, if anybody is wondering. We do get together a
2 lot on --

3 (Laughter)

4 MR. SCHENK: -- some of the movable Customs
5 things that we work on together on that. But I think
6 that we're in the early stages of starting to plant
7 seeds in that area and that's why I posed the question
8 of, single window is a positive step but that's a lot
9 farther out and that's what we're trying to do, is
10 convey that message.

11 I know we do a lot of work with the World
12 Customs Organization and some of those groups on that,
13 so personally I think this committee, if we can touch
14 on this area at some point, I think it'll help because
15 other countries do look to the U.S. for leadership on
16 international borders of competitiveness.

17 CHAIRMAN BLASGEN: Well, great. Thank you.
18 It's certainly a daunting task but the mighty oak was
19 once a small seed that stood its ground. So, we'll get
20 there. I don't know where that came from.

21 (Laughter)

22 CHAIRMAN BLASGEN: I think we needed a little
23 humor at this point. Thanks, Sandy.

24 MR. BOYSON: Sure.

25 CHAIRMAN BLASGEN: Next, Finance and

1 Infrastructure. Mike?
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1 **SUBCOMMITTEE BUSINESS REPORTS AND COMMITTEE DIALOGUE**

2 **FINANCE AND INFRASTRUCTURE**

3 **Mike Steenhoek, Chair**

4
5 Framing Question: *How can we improve financing methods*
6 *for supply chain systems and infrastructure?*

7
8 MR. STEENHOEK: Thank you, Mr. Chairman.
9 First, I just wanted to express my appreciation for the
10 members of the subcommittee. We did have a phone call,
11 a conference call, this past Friday and I just wanted
12 to recognize them. We have Lance Grenzeback, we have
13 Bill Hanson, Ricky Kuntz, Panos Kouvelis, Gary Lynch,
14 Page Siplon, Wayne Darbeau, Sean Conlin, and Leslie
15 Blakey. Then of course I cannot forget the brave Rich
16 Boll, wherever Rich is, if he's in this room. I
17 appreciate his support on this as well.

18 I guess we look at the framing question: how
19 we can improve financing methods for supply chain
20 systems and infrastructure? I think one of the
21 comments I often make when I give presentations is that
22 we in the United States of America, we are a spending
23 nation, we are not an investing nation. There's a big
24 difference between the two.

25 But I think we can all agree that it would be

1 ill-advised to pin all of our hopes, dreams, and
2 aspirations on the Federal Government writing a bigger
3 check and solving all of our financing problems. When
4 I delved into these issues on a host of different
5 modes, but one in particular that I'm spending a lot of
6 time on, and my friend Bill Hanson will echo this, is
7 on the inland waterways side when you see a real lack
8 of project execution on building some of these new
9 rocks and dams that a lot of bulk commodities rely on,
10 the solution is not just a function of more money it's
11 often -- the argument I make is, how you allocate money
12 is just as important as how much money you allocate.

13 There's a lot of project delivery that could
14 be enhanced, not just writing a bigger check but making
15 sure that the funding is provided in either a lump sum
16 or in predictable increments so that project delivery
17 can actually occur within budget and on time. That's
18 one of the things that we want to be open to.

19 I think that that message will resonate to the
20 Department of Commerce and beyond, particularly given
21 the fact that every message that we're getting from
22 this town and both State and local governments is that
23 funding is not going to be on the increase, it's either
24 going to be stagnant or on the decline. So we need to
25 explore opportunities to practice better stewardship

1 and I think there's a real lack of that when you look
2 at the financing question.

3 Some of the subsidiary questions: to what
4 extent to private sector entities fund system
5 improvements; are there sources of private sector
6 funding available? That's one of the real buzz words
7 right now in transportation, the transportation space,
8 is availing yourselves of alternative sources of
9 funding.

10 We talk a lot about that as organization; I'm
11 sure your organizations do as well. But one of the
12 cautionary statements that I'll make when that subject
13 comes up is it's one thing to open the door for private
14 sector investment, it's another question for private
15 sector investment to want to walk through the door. It
16 has to be a valid investment opportunity for them.
17 They have to be able to see, how are we going to get
18 our money back?

19 Is it going to be in reasonable terms? When
20 you look at some of these modes that we have and that
21 are woefully underfunded, you can't just create an
22 avenue for private sector funding, you have to address,
23 is the investment of acceptable grade and try to put
24 yourself in the shoes, if Moody's or Fitch's or
25 Standard & Poors were to grade this infrastructure

1 opportunity, would they rate it as a AAA? A lot of
2 these, no. So why would we expect private sector
3 funding to want to gravitate toward these investments?

4 So that's something we want to keep in mind and help
5 govern our proceedings.

6 What government funding mechanisms work well,
7 work poorly; alternatives to trust fund approaches, to
8 supply chain infrastructure projects? Essentially we
9 always want to have the two ultimate questions: are
10 there things that the Federal Government is doing that
11 it should not be doing and are there things that the
12 Federal Government is not doing that it should be
13 doing? That's really kind of what frames our
14 discussion.

15 One of the things that was advanced during our
16 conference call, and I think it's very appropriate and
17 something we want to look at, is we talk about wanting
18 to make sure that we have a financing system in this
19 country that is buttressing all of the predominant
20 modes, from surface transportation, to rail, to inland
21 waterways, to ports, to air freight.

22 But this need to kind of look at things from a
23 system-wide approach. I'm sure all of you, when you've
24 talked about some of the transportation challenges
25 beguiling the United States, one of the facts is that

1 we don't look at things from a system-wide approach, we
2 look at things from more often a siloed approach. I
3 talked about that myself.

4 The question that I posed myself after making
5 that statement is, okay, what does that actually mean?

6 So we need to promote a financing system that
7 encourages a system-wide approach, but the fact of the
8 matter is we have kind of the siloed approach to
9 transportation for a particular reason, and that is
10 there's often multiple owners of the infrastructure,
11 different financing systems work well.

12 So we hope that one of the deliverables from
13 our subcommittee proceedings is advancing some ideas to
14 maybe help encourage that. We'll definitely flesh it
15 out further because one of the concerns I have is, we
16 don't want to suggest something that's going to create
17 more problems than it solves, but that is something
18 that certainly is in need of further fleshing out. So
19 next steps.

20 I really see the members of the subcommittee
21 as giving their expertise, giving their knowledge base
22 on these issues, that these individuals are in a real
23 position to not provide questions, not to advance
24 questions, but to advance answers.

25 I want to capitalize on this expertise and

1 ultimately I do not see that this subcommittee will
2 have a list of suggestions that will solve all of the
3 problems troubling U.S. infrastructure, but if we can
4 have one meaningful suggestion on the various modes,
5 and even if we can have something from a system-wide
6 approach that at least pretends that tomorrow will be
7 better than today, that's going to be success. That's
8 how we're going to define success.

9 So the next step is, we're wanting to
10 capitalize on that expertise from not only the
11 subcommittee, but when I look around the room I see
12 those who are not a part of our subcommittee that have
13 certainly a repository of knowledge. I'm looking at
14 the TRB and ASHTO, some of the preeminent repositories
15 of knowledge in this country on all things
16 transportation related.

17 So, I don't want to create additional work for
18 you individuals, but don't be surprised if we were to
19 send an email to you and say, hey, does ASHTO have --
20 have you done recently a white paper on XYZ, and if you
21 do that would really help enhance the deliberations of
22 our committee.

23 One of the things that I would like to seek
24 additional clarity on from the Department of Commerce
25 is, the next steps are to try to assemble a number of

1 suggestions, and we're going to be aggregating them and
2 prioritizing them.

3 But practically speaking, it's going to be --
4 I'm getting an email about, hey, here's a white paper
5 from this particular source, and of course the
6 inviolable rule of white papers is that they always
7 have to be at least 100 pages long and 8-point font.
8 So we're going to be getting a lot of that information.

9 I don't see ourselves recreating the wheel
10 just given the expertise in this room, but something
11 that is going to be very helpful is some support to
12 help divine the major take-aways from this and to
13 assemble into some kind of meaningful, workable kind of
14 summary, taking a little bit from here, taking a little
15 bit from there. We all know that the ability of each
16 individual to just weed through a bunch of additional
17 white papers is not very likely. I don't even see the
18 staff at the Department of Commerce as being able to
19 provide that as well.

20 So I don't suggest doing new research per se,
21 but being able to provide that support to help
22 aggregate and assimilate. That's going to be very
23 helpful to the proceedings of our subcommittee. So I
24 guess with that I would like to open it up to any of
25 the other members of the subcommittee. Any other

1 comments or questions?

2 MR. SIPLON: Mike, I may be somewhere out in
3 the -- one of the things we talked about on the call,
4 and you said this already, is kind of we don't know
5 what we don't know, especially when it comes to
6 finance. Each of us might have either taken advantage
7 of or explored different financing options that
8 currently exist.

9 One of the things we want to be able to make
10 recommendations on is what's working and what's not
11 with the existing programs, one, and then -- you know,
12 so, but what are all those programs that are out there?

13 Doing that inventory, I'm sure there's a mention of a
14 paper on the call about sort of an inventory of
15 existing Federal programs.

16 We don't know about them all, but that should
17 be part of our deliberation and that might be some help
18 -- DoD and other agencies to give us just an overview
19 of what are the existing programs so that we can
20 explore them and then maybe use that to come up with
21 some new ideas. So let's look at what's existing now,
22 what's working, what's not, and make some basic
23 recommendations there, hopefully actionable.

24 Then Leslie talked a little bit about, let's
25 think outside the box. Are there some other creative

1 ways? Knowing what exists, are there creative, maybe
2 innovative, ways to do financing, whether it's
3 public/private partnerships or other creative ways.

4 MS. BLAKEY: Several years ago the common
5 acceptance of reality was that despite a great deal of
6 talk about PPPs, looking at it from a private sector
7 investor point of view, only about 10 percent of the
8 entire transportation infrastructure was even amenable
9 to PPP investment. Many times there were even barriers
10 beyond just the question of, is there sufficient return
11 and that sort of thing that played into that 10 percent
12 figure.

13 So the question is, looking ahead, are we even
14 looking at that optimistic scenario, which obviously is
15 90 percent of the transportation infrastructure within
16 the U.S. is probably not amenable to it. So we do need
17 to look outside the box.

18 We do need to be thinking creatively about new
19 strategies and how those might fit into the reality of
20 the world ahead of us a little bit over the horizon
21 that we can't necessarily define with great clarity at
22 this point but we may be able to get the intimations of
23 where we're going as an economy and how we can capture
24 some of the value that's provided by the movement of
25 goods on our supply chain to re-invest in the actual

1 infrastructure that keeps it all moving. So we're
2 going to look a little bit at that kind of an approach,
3 too.

4 CHAIRMAN BLASGEN: One of the things I found
5 interesting, Mike, in what you said, is this idea of
6 funding a system-wide approach. I mean, today by the
7 very nature of any global supply chain it's using many
8 modes and it's going through different ports and things
9 on either side, yet we fund each one of those in their
10 own succinct silo and we don't fund them horizontally,
11 if you will. Have you thought about what that might
12 look like? How do you go about getting people to think
13 about it?

14 MR. STEENHOEK: Yes. To be honest with you,
15 that's something I wrestle with. As I said, it's clear
16 that given that we approach transportation via the
17 siloed approach, that means there's a real lack of --
18 there are very dramatic scenes from one mode to the
19 next and then there are efficiencies and costs that
20 result from that.

21 So I'm very comfortable with that argument
22 from the 30,000-foot level. I'm not comfortable when I
23 pose the "so what" question to myself. I'm very
24 uncomfortable with that. I don't know. Again, I think
25 one of the things I firmly believe in is that we have

1 to have ownership of the consequences of our action,
2 whether they're intentional or unintentional.

3 The last thing I would want to try to suggest
4 is some kind of panacea that we think, oh, this will
5 help encourage a seamless delivery from Point A to
6 Point X, and then all of a sudden you're finding that
7 you're causing unintentional consequences on the Port
8 of South Louisiana or the BNSF Railway.

9 So again, I wish I had an answer to that
10 question. I think that's something that we want to be -
11 - that's going to help structure our thinking. We're
12 going to be looking at that. But I'm not sure we're
13 going to have a real good solution to suggest.

14 MS. BLAKEY: Mark, one of the points that was
15 made on the call that I think goes to that question
16 actually is defining what infrastructure are we trying
17 to address and to a large extent the private, long
18 stretches or completely contained infrastructure that
19 is really in private hands, or even operates on public
20 lands such as roads and so forth, those things are
21 going to be addressed probably throughout the
22 mechanisms.

23 But the place with the public interest and
24 frequently the place where the issues of inefficiency
25 lie are where modes meet, the intersection of modes in

1 various ways. The opportunity to look at the private
2 benefits or the public benefits in terms of trying to
3 find mechanisms that will address those particular
4 kinds of issues is probably one of the places where our
5 group could be very effective.

6 MR. LYNCH: Yes. One of the discussion points
7 was around relevance. On the last call we talked about
8 relevance and relevance to value in trying to address
9 that as well. You look at certain critical supply
10 chains from a drug perspective, especially at time of
11 event, you know, pandemics, drug supply chains of
12 Tamiflu all of a sudden becomes the priority and
13 everything else drops. Now it is, again, a multi-modal
14 supply chain.

15 So that concept, it seems like from the
16 private sector, that's certainly what we're seeing with
17 large companies, is looking at the same problem at a
18 micro level within their organization and then looking
19 at it from a system-wide perspective is, how do I do it
20 in the context of value and what do I prioritize?

21 What's discretionary, what's non-
22 discretionary? Is the value around the margin? Is it
23 around the regulatory practices I have to comply with?
24 Is it around the revenue, the cash flow? Those are
25 all time sensitive so I think those are considerations

1 that could be potentially incorporated in the thinking
2 in coming up with a strategy there.

3 CHAIRMAN BLASGEN: Okay. Any remaining
4 questions or comments? Yes?

5 MR. SMITH: To the extent that we can help you
6 all with resourcing your work, there are as many
7 financing options at the Federal level. A lot of
8 States have looked at multi-level systems and planned
9 and organized financial schematics, policy schematics
10 to address multiple modes. Virginia immediately comes
11 to mind -- research and database of information for you
12 guys on that.

13 Scott, we also did a paper not too long ago
14 that sort of looks at the major financing options,
15 funding options, sort of what we call the cafeteria
16 menu of things that come up as a snapshot of what's
17 been discussed, feasibility, and those sorts of things.

18 MR. STEENHOEK: And I think one thing that we
19 could do and we could add some value to is this broader
20 discussion of, particularly for a committee that's
21 focused on freight, is too often in this country we
22 make the argument that funding for infrastructure
23 enhancements should be based upon use of that system.
24 Okay. Well, that seems reasonable.

25 But then the follow-up question is, define

1 use. Is it the number of -- is it putting down a
2 sensor on a stretch of road and gauging how many cars
3 go over that stretch of road, how many motorists
4 utilize that stretch of road, and therefore funding
5 should flow based on those stretches of road that have
6 the most wheels going over it? Or is use just as much
7 defined as a group of semis, more modest in number but
8 carrying a lot of value, using that stretch of road?

9 So the formulas that are imbedded in some of
10 these programs that really have a bias toward motorists
11 -- we're all motorists so I don't want to discourage
12 motorists, but this real kind of bias against freight
13 and trying to find any kind of opportunities to shed
14 some light on that and provide some potential remedies
15 for that as well.

16 MR. SIPLON: It goes back to the data
17 question: what's the right data, how are we using it,
18 what's the impact of the data?

19 CHAIRMAN BLASGEN: Well, and we're very good
20 in the private industry of measuring parts in the
21 supply chain. We're not very good at measuring what
22 we've all researched and said is nirvana, the entire
23 supply chain from the point of raw material, packaging,
24 acquisition, all the way to the point of consumption.
25 But -- electronics or what have you. Okay.

1 Tony?

2 MR. BARONE: Just before coming down I called
3 the Director of Transportation and said, what's number
4 one on your mind in this regard? I mean, he had a lot
5 to say.

6 (Laughter)

7 CHAIRMAN BLASGEN: Transportation people
8 typically aren't quiet.

9 MR. BARONE: But one of the things that he
10 pointed to was the harbor maintenance tax. So I read a
11 little bit about it. I understand we collect this tax,
12 so there's \$7 billion that's been collected and is
13 sitting there for harbor maintenance that hasn't been
14 spent.

15 VOICE: It has been spent.

16 MR. BARONE: It has been? But not on harbors.
17 Not on U.S. harbors. Meanwhile, cargo is diverted
18 through Canadian ports. So we added a lot of cost and
19 didn't get any benefit from it. It made Canadian ports
20 more competitive to the U.S. ports. So, it's this
21 question of how we spend money. I mean, it's surely an
22 important question. In this case we didn't spend the
23 money, so what was it all about?

24 MR. HANSON: Well, just for clarification --
25 there are a few ports -- tax -- but it impacts every

1 other port in the country but doesn't apply to -- so
2 it's a tax that's been applied since 1986 that goes
3 into the general Treasury. Only about half of it comes
4 back for its intended purpose. The U.S. ports only
5 maintain 35 percent of their -- estimations. When we
6 talk about exports, we need to start talking about
7 maintaining what you've got before you talk about -- so
8 that is kind of the situation. The money has been spent
9 for everything else but.

10 MR. LONG: There has been a lot of work done
11 on this over the years with very mixed, bad results.
12 It hasn't been fixed. I think one of the underlying
13 questions for this is group is to look at this whole
14 trust fund mechanism. Some of the monies that go for
15 trust funds are not going for the dedicated purposes
16 and they wind up in the general funds and this has
17 obvious implications. So I'm not sure that this
18 committee can solve the harbor maintenance tax issues
19 but --

20 MS. BLAKEY: We can't?

21 (Laughter)

22 MR. LONG: I know. But basically the idea of,
23 do these trust fund mechanisms provide a good model and
24 what would it take to make them work or should they
25 just be done away with? These kinds of broad questions

1 about that method are going to be important.

2 MR. HANSON: David, that's actually --
3 question when you talk about -- you mentioned earlier
4 the President's Export Council is going to focus on
5 infrastructure. My assumption is that that's
6 investment in domestic infrastructure.

7 MR. LONG: Exactly, yes. There will be a
8 letter out shortly that says basically the national
9 export strategy needs to pay a lot more attention to
10 infrastructure issues, what comes out of that in
11 connection with trade and also the investment that goes
12 behind it. So as soon as I get the letter cleared to go
13 out I'll send it to everyone and we'll build on that.

14 MS. BLAKEY: Can I just make one point? Just
15 to clarify, because anybody who is not eminently
16 familiar with the harbor maintenance fund and the tax
17 situation might get the impression that it's never
18 spent on anything that it's supposed to be spent on,
19 and that's not actually true.

20 There's a substantial balance in the harbor
21 maintenance fund, on paper anyway, that is unspent at
22 this time but there are many, many ports around the
23 U.S. who do benefit from the harbor maintenance fund
24 and are maintaining their channels, and dredging, and
25 so forth and they would not be able to do that if the

1 fund wasn't there.

2 Part of the problem with the harbor
3 maintenance fund is wrapped up in dealing with the Army
4 Corps of Engineers. The question, kind of going back
5 to the infrastructure issue, in my mind, frankly, is
6 why do we depend entirely on a quasi-military
7 institution that was created to build pontoons across
8 completely un-navigated rivers in the early days of the
9 U.S., and why is that the bureaucratic function that we
10 have to go through in order to do engineering projects
11 on our waterways, is a whole other question.

12 But the Army Corps of Engineers is part of the
13 problem of why we're not spending the harbor
14 maintenance fund, and the speed with which they work,
15 and the acceptance of projects and all that sort of
16 thing.

17 So it's a more complicated question in terms
18 of that particular trust fund and the highway trust
19 fund works completely differently because it is
20 firewalled and it is virtually entirely stepped down
21 every year, at least in recent years anyway. Then
22 there's the inland waterways trust fund, the aviation
23 trust fund, and these all work differently so I think
24 it's important that we not be too broad brush on it.

25 MR. LONG: No, we don't want to be too

1 dismissive about this. It's really a complicated
2 issue.

3 MR. HANSON: We have broad, diverse headings
4 on the agency's --

5 MS. RUIZ: And for the record, the Port of Los
6 Angeles, one of our frustrations is the fact that so
7 much of the money is collected from the Port of Los
8 Angeles and the Port of Long Beach, but it's limited in
9 its uses so we don't really see but pennies on the
10 dollar of what we actually see and are able to use. So
11 that's what we're frustrated by.

12 MS. BLAKEY: So it really goes to help your
13 competitors, actually.

14 MS. RUIZ: Yes. Thank you.

15 CHAIRMAN BLASGEN: Okay. Duly noted.
16 Regulatory. John?

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1 **SUBCOMMITTEE BUSINESS REPORTS AND COMMITTEE DIALOGUE**2 **REGULATORY**3 **John Beasley, Chair**

4
5 Framing Question: *How can we improve the predictability*
6 *of reaching regulatory decisions affecting the supply*
7 *chain? What are the priority areas for improvement?*

8
9 MR. BEASLEY: John Beasley -- introduce my
10 subcommittee -- Norm from UPS is on the subcommittee
11 with me, and James Cooper. But to be honest, I haven't
12 met anybody else face-to-face. I don't know -- on my
13 subcommittee in the room. James has stepped out and
14 all I have is Norm. I'm planning to trade Norm to Tony
15 for first-round picks.

16 (Laughter)

17 MR. BEASLEY: I'd like to start off by saying,
18 we talked about some redundancy. I think on the one
19 hand we looked at our question in the first call.
20 Every comment from just about every member said, I wish
21 we had some of the other questions, this one looks a
22 little tough. So I would say it's less of a defined
23 problem, but I do feel better when we get in here that
24 some of the same topics that we came across were the
25 same ones that were brought up by the other

1 subcommittees.

2 First, we started to define, what is supply
3 chain competitiveness? We got to the same properties
4 that we were discussing earlier, that it's about
5 bringing it down to cost for the service. As I
6 contend, that service -- we can talk about what we mean
7 by that, but at the end of the day it eventually leads
8 to the financial impact to the company or organization.

9 So further, it's cost, speed, and reliability
10 were the three factors that we say. We used those as a
11 litmus test for any of the regulations that we make.
12 We use those as a litmus test for any organization --
13 the EPA is looking at a project and we want to take
14 that and put that into other programs. Those are the
15 three things they look at: cost, speed, and
16 reliability.

17 We talked earlier about the discussion and
18 possibly about, where is the Federal Government, where
19 are they involved, where they should they stay in or
20 increase their focus on and maybe where they should
21 back off. I'm going back to transportation, basically.

22 I'm also the Director of Transportation, so I've got
23 almost an hour, so tough luck.

24 (Laughter)

25 MR. BEASLEY: Part of deregulation of the

1 airlines and the LTL industry -- excuse me. Post
2 regulation in the airline and the LTL industry all went
3 to a hub-and-spoke system. So you've got certain
4 groups of people that are focused on the hubs. I'll
5 call those major corridors for import/export. Then we
6 have the spokes -- basically responsible for the
7 spokes.

8 One of my examples is BNSF. I was going to
9 meet with those guys. I'm kind of speaking for them,
10 but their whole model is around, we're going to be the
11 provider of -- transportation for the hubs and we're
12 going to lead that spoke to second-class railroads and
13 to --

14 (Laughter)

15 MR. BEASLEY: -- short lines. So that part of
16 our -- it's going to be part of our advice, is for the
17 Federal Government to look at the major corridors, like
18 development of capacity at ports. Rail is an important
19 industry to moving large volumes of freight across the
20 country.

21 The truckload business, maybe talk about
22 combination vehicles. There are some things here to
23 talk about mass -- mass quantities and possibly -- I'm
24 not talking about less regulation, but possibly backing
25 off from micromanagement of some of the issues that are

1 present in let's say the States.

2 Now, how do we define those hubs? We talked
3 earlier about the different supply chains but our
4 analysis -- my company -- the acquisitions continues to
5 buy companies. We don't have to -- bulk products, like
6 -- said earlier. That's a different animal that I'm
7 probably not going to address very much here.

8 But from a consumer product perspective, it's
9 very predictable to talk about where products are going
10 to go, it's very predictable about where they're going
11 to grow. We're basically using U.S. Census
12 information.

13 So from one statement of, hey, it's difficult
14 to find out where those bottlenecks are, it's difficult
15 to find out those areas, at least we believe that it is
16 actually very predictable because -- I'll use the --
17 term again here, it's called a mega -- and there are
18 certain areas of this country that have population and
19 it's not surprising -- sell coffee pots. Where am I
20 going to sell coffee pots? Where the population is.

21 Now, there starts to be a conflict somewhat
22 with what we export. Again, maybe it's taking more
23 containerized freight rather than, say, bulk freight.
24 But on the exporter, two of the top commodities that we
25 export, scrap and ag -- again, where does the scrap

1 come from? Comes from mega -- and ag is a little
2 different animal but it's coming from basically -- not
3 exclusively, but from the midwest. But anyway, that's
4 a definition of the hubs.

5 When we laid across the information of the --
6 distribution network for any new company that we bring
7 in, we have found over the past 10 years that,
8 strangely enough, the percentage of the shipments that
9 are going out from our DCs almost identically mirror
10 the population percentage of the U.S.

11 How can we go about being a more competitive
12 supply chain? We're seeing the passage of MAP-21, the
13 fact that this committee exists. We're seeing some
14 improvement. We think that we're headed in the right
15 direction -- private influence -- probably public
16 influence on some of the regulation and policy.

17 We also came out with functional silos. When
18 we go back and -- possibly EPA -- the freshest example
19 I have, there are some issues with -- and services. We
20 have a truckload industry that's already at capacity,
21 yet we're going to be passing some rules -- drivers --
22 to further affect the capacity to send a truckload to
23 market. That in turn is going to add some cost.

24 So they make clear, I'm not making a
25 statement. If I bring up the EPA, bring up safety, I'm

1 not saying I don't want clean air, I'm just asking,
2 where is the -- shape of this and is that being used in
3 that organization, is that something they have to go
4 through? If we're going to build a new rail facility,
5 then certainly there is an EPA, there's some checks and
6 balances from the EPA on that stuff. Are there supply
7 chain checks and balances going the other direction?

8 As I say, it's not a question of, do we need
9 it. I guess the question is, where does this come on
10 the priority list? Is it the top five? Is it the top
11 10? So we see that the potential silos mean that these
12 people have a task of passing something that means
13 clean air no matter what and we're losing on the supply
14 chain side.

15 CHAIRMAN BLASGEN: John, can I just stop you
16 there real quick?

17 MR. BEASLEY: Yes.

18 CHAIRMAN BLASGEN: So you're suggesting, when
19 a regulation is anticipated to be put in place, maybe
20 we run it through a supply chain competitiveness filter
21 as one of the objectives.

22 MR. BEASLEY: Yes. Right. So on the flip
23 side, if you're doing transportation initiatives, it
24 has to pass the EPA and cross some hurdles in that. So
25 it should be the --

1 CHAIRMAN BLASGEN: All right. Great thought.

2 MS. RUIZ: Yes. Ask Dean how long it takes to
3 do a project in the City of Los Angeles.

4 CHAIRMAN BLASGEN: Eighteen years and still
5 going.

6 MR. BEASLEY: So areas of focus. I'd say four
7 terminal operations. There are some questions about
8 capacity that also go into -- touchy subject to talk
9 about, and Singapore is a good example. It talks about
10 the automation. We're bringing in automation. The
11 fact of the matter is -- well, it's open for debate.
12 One of the big barriers we have is labor issues.

13 The American workers cost themselves out of
14 the market. Recently in L.A. and Long Beach, we've had
15 the Clerical Union strike and we see some automation
16 coming in and there are some gains we can make on
17 productivity, which eventually falls to the bottom
18 line. It's a fact but we're still paying some people
19 to do the automated -- we're paying some people to
20 literally do nothing.

21 So I don't know. Here again, it's regulation.
22 Then again, it's not a question of, hey, are you trying
23 to deprive someone of a decent living. It's a question
24 of, where does that fall on our list. Because we can
25 support those people today that may mean our kids'

1 future maybe didn't go away because we're not
2 competitive anymore.

3 Some notes also on what would the future hold.
4 We're talking about -- one of the things I talked about
5 is where the numbers are today. We talked about, where
6 will the imports and exports be? I want to throw this
7 out to the group for discussion. From an operations
8 guy, there are certain times of the year, particularly
9 the fourth quarter, where we talked about trade
10 imbalance. Obviously a dollar, from a value
11 perspective, we have a trade imbalance.

12 However, on a volume perspective, say third
13 and fourth quarter of the year every year, I have some
14 exports that sit at the port and have to wait -- so I
15 don't know that everybody understands that that is the
16 case, but -- people say people are not --
17 transportation might say, hey, that boat is leaving and
18 half of those boxes are empty.

19 Well, the fact of the matter is, there's so
20 much weight on those containers that are loaded with
21 scrap and the grain and basically what we export the
22 most of, that boat is full from a weight perspective.
23 An example -- a comparable example would be a truck
24 going down the road. We have weight limits on that
25 truck. I could fill it to the top with pillows or

1 could be a room full of steel in that truck and it's
2 full, lots of space, but we've reached the weight.

3 That's where we are on exports at certain
4 times of the year. We've got so much export leaving
5 the boxes half full on the boats, but -- to be and --
6 weight on the boat. So when we talk about balancing
7 trade, the nature of what we export is going to have to
8 change.

9 First of all, we have to have some more,
10 higher value products if we're going to export. This
11 gets into, how do we make the U.S. work -- but it
12 doesn't get to finished goods. It's something that --
13 package is lighter but it doesn't get into something
14 that's of more value than scrap. Balancing exports is
15 going to be tough.

16 Last, the -- destinations. We're constantly
17 looking but it seems as though China has developed a
18 post-line and now we're having to start -- inland,
19 adding some transportation costs. They are going to be
20 around a while but they're starting to branch out and
21 look at some other areas. On a long-term approach, we
22 need to keep a focus on what is the emerging -- where
23 are the emerging markets going to be and can we match
24 that backwards with an export that would be of value to
25 those customers. That's it.

1 CHAIRMAN BLASGEN: Great. Comments?
2 Questions of John and his team?

3 MR. SCHENK: I apologize if I'm providing too
4 much feedback; I might get kicked off both committees,
5 let alone one.

6 (Laughter)

7 CHAIRMAN BLASGEN: All feedback is good.

8 MR. SCHENK: Anyhow, as a large supply chain
9 provider I went around and talked to some of the
10 different folks in the UPS team and it was everything
11 from air, truck, distribution, warehouse, ocean,
12 customer service, all that. The one common denominator
13 in terms of feedback that I got was regulatory
14 challenges. They started giving me a whole list of why
15 -- got to dial this back a little bit. But on the
16 domestic side, it was a lot of the practical things
17 related to cost.

18 But also, if you look at some of the
19 environmental things we're looking to get to, so for
20 example, the use of L&G fuels for our new vehicles that
21 we're rolling out, that we're prohibited in many ways
22 from doing what we want to do. So it's not just
23 competitiveness, it's also what we want to do that's
24 the right thing on that.

25 For us, our biggest growth is related to

1 international and competitiveness -- supply chain
2 competitiveness in the U.S. really does lead to
3 economic growth globally, which is good for all of us
4 on that. I'll give you one example. For UPS, for
5 every 22 new international packages we get on a daily
6 basis, that only leads to one job in the U.S.

7 So it has direct impact on the economy with
8 this and the regulations certainly have an impact on
9 that. I'll circle back, because it's my favorite
10 topic, is the border regulations in terms of what can
11 be done there and what can make that -- I know you
12 asked me the question about other countries on that.
13 When we look at it from a U.S. competitiveness view, it
14 really is global competitiveness. For us, we serve 220
15 countries around the world.

16 Quite frankly, we can't come up with 220
17 different technology solutions and 220 different
18 procedures and all that. We really look, again, at the
19 U.S. leading with committees like this to establish new
20 -- because we grow economically it's all going to help
21 us with our competitiveness. But if we could look at
22 some of these, particularly the border regulations, we
23 think that would be helpful. Thank you.

24 CHAIRMAN BLASGEN: Thanks a lot. Other
25 comments? Norm?

1 MR. BARONE: Norm and I are on the same page.
2 As I said earlier, the U.S. does not exist in a
3 vacuum. So to the extent that we can be talking about
4 regulatory harmonization, not having 47 agencies act as
5 if the other 46 didn't exist. There needs to be
6 harmonization and simplification. They're like basic
7 things that need to happen that don't appear to be
8 happening at any accelerated rate. We just don't face
9 the same issues going overseas.

10 By the way, I think as far as cost goes -- I
11 mean, we know that we cannot compete on low-end stuff.

12 Okay. I've got to believe that that's true in the
13 consumer industry as well, in textiles, all the rest of
14 it. So U.S. competitiveness is going to be our next
15 step that is taking a lot of brains and ingenuity.

16 That's a different class of products so I
17 don't know that we can say that we want to serve all
18 humanity. But I do think, just as U.S. policy, there
19 needs to be some recognition that we're not going to be
20 selling a lot of t-shirts in Mexico.

21 So given that, the thinking has to be, I
22 think, directed towards those policies that will
23 promote the export of manufactured goods at the high
24 end, as well as the agricultural stuff, when there
25 isn't competition for those commodities, or very

1 little, anyway.

2 CHAIRMAN BLASGEN: Well, one of the things
3 working in our favor is that I don't believe there has
4 ever been a supply chain competitiveness committee
5 that's been established to tee these things up, so as
6 far as I'm concerned, all these things that you're
7 getting into, John, with regard to other areas like
8 labor and so on in a supply chain filter, a
9 competitiveness filter where regulations may be put
10 through, are great ideas from this committee's purview
11 and I think it's well within our range to be able to
12 recommend those as an outcome down the road.

13 So I want to thank all the committees. It's
14 noon now and I think we've done a remarkable job of
15 keeping on time, keeping on pace, and having some
16 interaction amongst the committees. There are lots of
17 areas I think where the committees can now see where
18 the decisions or the areas that they're focusing on may
19 have impact on another committee, so the subcommittee
20 chairs will work together to make sure that they talk
21 about those as we move forward.

22 It's noon now. Assuming our lunch supply
23 chain worked efficiently and effectively, there should
24 be lunch out there.

25 (Laughter)

1 CHAIRMAN BLASGEN: At 12:40 or thereabouts, we
2 have two special guests, Under Secretary Sánchez and
3 Assistant Secretary for Manufacturing and Services
4 Lamb-Hale will be joining us to provide their comments.

5 What I would suggest is maybe we stop here,
6 grab a bite to eat, and regroup as quickly as we can,
7 somewhere around 20 after, 25 after so that we can talk
8 a little bit before our guests arrive on just what we
9 heard today and reflections, and that will help us move
10 forward as we go on to our subcommittee meetings and
11 our next scheduled meeting in June.

12 So I want to thank everyone and please offer
13 you all lunch. We'll see you all back here in maybe 20
14 minutes.

15 (Whereupon, at 12:03 p.m. the meeting was
16 recessed for lunch.)

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1 AFTER RECESS

2 [12:36 p.m.]

3 MR. LONG: All right, everybody. Could I have
4 your attention, please? Everybody, could I have your
5 attention, please? We're going to try to re-start
6 here. Let's all migrate towards our seats here. Okay.
7 All right. Let's re-start here in the minutes before
8 the Assistant Secretary and Under Secretary Sánchez
9 arrive.

10 Let me turn it back to Rick and we'll do some
11 follow-up on what we talked about this morning. Thank
12 you.

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1 **CONCLUSION AND NEXT STEPS**

2 **Rick Blasgen, Chair, ACSCC**

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4 CHAIRMAN BLASGEN: Thanks, David. So once
5 again I just want to thank everyone for their
6 engagement here. I just wanted to ask a couple of
7 questions. Is there anything, as you began to network
8 here after you heard what each subcommittee reported
9 out on, anything that's huge that's missing that you
10 think we ought to be addressing as a competitiveness
11 committee?

12 We've covered a lot of ground, and certainly
13 there will be a lot of areas that we refine and define
14 in terms of what the subcommittees will work on and
15 ultimately recommend for at the end of this, but is
16 there anything that anyone thinks is a fatal flaw that
17 we really missed? Yes?

18 MR. COOPER: I wouldn't characterize it as a
19 fatal flaw, but I'll beat a dead horse. I'm from the
20 manufacturing community and a lot of the emphasis I
21 hear today and that I've heard before is on
22 transportation, almost basically transportation of
23 finished goods, which is great. Everybody wants to get
24 goods to market, et cetera.

25 But if you've got nothing in the box or in the

1 container, you could throw billions of dollars into
2 making it as efficient as you want to, but where does
3 it get you as a society? So I still believe that
4 there's got to be at least some emphasis on
5 manufacturing in the supply chain as it pertains to
6 manufacturing.

7 I made the observation from the inception of
8 this committee to today, the manufacturing supply chain
9 has already evolved. It's moved toward basically a
10 natural gas basis for the entire plastics industry,
11 which goes into, if you look around the room, a whole
12 lot of stuff. So this is evolving and this committee is
13 going to have to run to try to catch up with it.
14 That's a big enough challenge as it is.

15 From what Dean was talking about, the moving
16 of these commodity materials, how that affects the
17 supply chain, is huge. Any disruption the further up
18 the supply chain that you go, the bigger the ripple
19 effect throughout the entire economy. We're seeing
20 that right now with gasoline, for instance, and
21 refining, being able to efficiently move these stocks
22 for that because all crude oil is not alike. So all
23 these things are really evolving. Just a little
24 emphasis in those areas, I think, would go a long way.

25 CHAIRMAN BLASGEN: Yes, I agree. I mean, Tony

1 talked about it in his committee, about manufacturing
2 in the U.S. If we're going to be competitive from a
3 supply chain standpoint, manufacturing is a huge
4 component of the supply chain, so we've got to make
5 sure we include that. I agree.

6 MR. SIPLON: But I think it goes to the point
7 that logistics in supply chain fits into all industries
8 and manufacturing is a big one, and God knows we can do
9 a lot more here in the U.S. that has to do with
10 manufacturing. I don't want to belittle that, but you
11 could make the same argument for retail or for moving
12 soybeans or petroleum.

13 The logistics and supply chain is equally
14 important to the movement of those goods, too. So
15 maybe in the broader report-out and recommendations, we
16 talk about the impact of logistics and supply chain
17 should have. The reason why this committee exists is
18 because it impacts millions of jobs across lots of
19 industries, of which manufacturing is a big part of
20 that.

21 The food industry, a lot of other things. I
22 think competitiveness impacts those end users, to call
23 them something. So we might be able to group some of
24 this together and specifically focus on manufacturing
25 as an important part of the -- stream.

1 MR. ROSENBUSCH: The cross-over that someone
2 mentioned earlier about particularly State regulations
3 is a question for the group, whether that's going to be
4 under the purview of our recommendations, because we
5 find, particularly from a regulatory standpoint, that
6 sometimes the States that are creating more issues to
7 our competitiveness may necessarily be the Federal
8 regulatory agencies. I won't mention any States--
9 California--but there are -- out there that are having
10 a big impact, and of course it spreads like a ripple
11 effect across the country.

12 MR. GRENZEBACK: One of the words that I've
13 not heard much today is innovation. I think as we talk
14 a lot of -- or it seems like most of the groups are
15 about getting their arms around what they have worked
16 with right now, which is probably a great place to
17 start.

18 But then we're going to be looking at
19 investment and those types of things, regulation, and
20 you need the flexibility to handle the next
21 transportation, the next supply chain issue, the next
22 product that has got to go to market.

23 I always tell the story, because I actually --
24 L.A. -- in 1980 and 1981, it was nothing about
25 containers, it was about coal -- a big deal. So we've

1 got to allow that flexibility to build to respond to
2 that.

3 CHAIRMAN BLASGEN: Yes. It's a great point.
4 I mean, what made us successful over our last 50 years
5 may not be what makes us successful over the next 10.
6 Learn to forget. Yes?

7 MR. BARONE: Just a process question. So this
8 committee will be in existence for --

9 CHAIRMAN BLASGEN: Forever.

10 (Laughter)

11 MR. BARONE: But is there a goal to have X
12 number of recommendations that will generate X dollars
13 or X jobs? I mean, is there some concrete goal that it
14 pursues?

15 CHAIRMAN BLASGEN: No. I mean, from what I've
16 been privy to it's a matter of -- you know, the good
17 news, as I said earlier, is there's never been a supply
18 chain competitiveness committee, so as far as we're
19 concerned, the purview for all things supply chain is
20 within the realm of this committee to make
21 recommendations on.

22 So, I mean, anything that we can put a number
23 to is obviously going to help: if we do this, we will
24 say that, or increase GBD by that. That is, just like
25 in private enterprise, a good thing to consider. But

1 no, Tony, there's no goal to have five recommendations
2 or four recommendations or anything like that. I think
3 we'll decide that at the end of our two-year period.
4 What do we want to bubble up to really put a claim to
5 and make sure also the Department of Transportation is
6 in synch with it as it relates to freight movement
7 policy?

8 MS. RUIZ: But Rick, I think in the conference
9 call with the subcommittee chairs we were kind of given
10 some timelines.

11 CHAIRMAN BLASGEN: Right. Right.

12 MS. RUIZ: My committee said we'd like
13 something by June, and the rest of the committees, it
14 was by September.

15 CHAIRMAN BLASGEN: Right. Right. In terms of
16 goals for deliverables.

17 MS. RUIZ: Right.

18 CHAIRMAN BLASGEN: And then we can refine them
19 going forward. But the committee itself is a two-year
20 commissioned committee.

21 MR. BARONE: So just following up, given the
22 diversity of this group it seems to me that there's
23 going to be a diversity of views on everything.

24 CHAIRMAN BLASGEN: Yes.

25 MR. BARONE: So how do you see that

1 reconciling in the end or aligning? I mean, how do you
2 see alignment within this group? Not that there are
3 conflicting positions, but just different positions.

4 CHAIRMAN BLASGEN: Right. Right. I mean, I
5 think that we'll continue to have the subcommittee
6 calls, subcommittee chair calls to make sure that if
7 there are areas of complete conflict to be reconciled -
8 - I don't see that happening, but certainly there's a
9 difference between agreement and alignment. We've got
10 to bubble up on all these different things and at some
11 point that group will have to align on our
12 recommendations going forward.

13 It would be hard for me to believe there would
14 be some recommendation that would be in conflict with
15 any one subcommittee's views. I mean, if you think
16 about what we've heard today, to me some of these were
17 certainly cross-cutting different subcommittees but
18 they were all pushing the ball forward down a common
19 path, I think, Tony. So let's see how that
20 materializes.

21 MR. SIPLON: Rick, if I could go back to what
22 Corey mentioned. Maybe we need to get some notes on
23 the table on the issue of State regulations -- it
24 impacts the movement of goods from Point A to Point X,
25 as Mike said before.

1 I don't think we're in a position as a Federal
2 committee to make recommendations to individual States,
3 per se, but just like the Federal Government
4 recommending that States should have a State-wide
5 freight plan and have things that DOT is doing, or
6 maybe it's an opportunity for us to make some broader
7 recommendations on how the States play a role and what
8 some best practices or some ideas might be to help them
9 participate in helping the supply chain --

10 CHAIRMAN BLASGEN: Yes. No, I think it's
11 completely within our purview. If there are
12 regulations in place or situations around process in
13 place that reduce our ability to be competitive, then
14 we ought to keep those up.

15 MR. SIPLON: Yes. And share that with the
16 States.

17 CHAIRMAN BLASGEN: Absolutely.

18 Other thoughts?

19 MR. STEENHOEK: This might be self-evident
20 that this would occur, but often what makes sense
21 doesn't, I heard. But one of the things I would hate
22 to see happen is, through this process of us developing
23 recommendations, for those who are sitting around the
24 perimeter of the room, particularly within the Commerce
25 Department, thinking, oh, we're already doing something

1 like that.

2 We have an initiative under way, or we have an
3 aspiring initiative under way in which we try to tackle
4 those type of things. So I think it would be very
5 helpful, particularly for the Commerce Committee
6 because this is a Commerce Department initiative, you
7 would really like to make room for that.

8 I don't want our committee perceived to be
9 dominated by one Commerce official after another
10 talking about what they're doing, but I think we should
11 have some kind of concurrent discussion that shows
12 we're making these recommendations and that we make
13 room for the Commerce Department to say, hey, here are
14 the things we're trying to do.

15 We're trying to tweak that ourselves, we're
16 trying to tackle that ourselves. Then there's an
17 immediate opportunity for those around the room to say,
18 that's going to really help us, or that's not going to
19 help us. I think that would really add some value.

20 CHAIRMAN BLASGEN: That's a great point. If
21 there are recommendations that bubble up from this
22 committee it could add more energy to an already
23 existing initiative. Maybe if it's tweaked a little
24 bit or altered a little bit. We're going to have to
25 use the staff to make sure we know where those

1 intersecting points are and make that claim.

2 MR. STEENHOEK: Right. Because what is kind
3 of opaque to me is, it's my hope that when we develop
4 these recommendations that a host of agencies in this
5 town and take that baton and kind of run with it.
6 We're hoping that will happen, but that still is kind
7 of opaque to me. What should not be opaque is whether
8 the Commerce actually tries to take that baton and run
9 with it. I think we have that opportunity.

10 CHAIRMAN BLASGEN: Great. Okay. Terrific.
11 Thanks for all that feedback.

12 David, I'll turn it over to you to introduce
13 our special guests.

14 MR. LONG: We have two special guests. We
15 have Nicole Lamb-Hale, our Assistant Secretary for
16 Manufacturing and Services, and the Under Secretary for
17 International Trade, Francisco Sánchez.

18 Let me turn this over to Nicole to introduce
19 Francisco.

20 ASSISTANT SECRETARY LAMB-HALE: Well, hello,
21 everyone. It's a pleasure to be here with you this
22 afternoon. I am so glad to be able to participate in
23 this meeting. I'm so sorry I missed the inaugural
24 meeting.

25 I have the great pleasure of introducing Under

1 Secretary Francisco Sánchez, who has been--I call him
2 my fearless leader--our leader at the International
3 Trade Administration who has really been driving the
4 NEI, the National Export Initiative, and he is Mr.
5 Export Promotion. I just love it. He has traveled and
6 worked tirelessly all over the world to help to promote
7 the success of businesses like yours.

8 So without further ado, I'll turn it over to
9 Francisco.

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1 **DEPARTMENT OF COMMERCE EXECUTIVE REMARKS**

2 **Francisco J. Sánchez,**

3 **Under Secretary for International Trade,**

4 **U.S. Department of Commerce**

5
6 UNDER SECRETARY SÁNCHEZ: Thank you very much,
7 Nicole. Hello, everyone.

8 I am literally leaving this room, getting in a
9 car, and going to Dulles Airport to board a plane to
10 Panama, where I'm sure everyone in this room knows last
11 year we implemented the Panama Free Trade Agreement.
12 So I'm going to do some of the export promotion that
13 Nicole talks about.

14 But before I did, I wanted to come by and do
15 two things. I wish I could do three. I wish I could
16 sit here and respond to what you just talked about.
17 I'm sorry I'm late, but at least I'm leaving early.

18 (Laughter)

19 UNDER SECRETARY SÁNCHEZ: I apologize for
20 that. I think, if I may just say very quickly, let me
21 assure you that the recommendations you make are heard
22 and taken very seriously here. This initiative, this
23 supply chain initiative, to me is one of the most
24 important, new, innovative things that the
25 International Trade Administration has done.

1 So I want to just say first how happy I am
2 that all of you are committed with your time, with your
3 energy, to do this. Number two, thank you. Number
4 three, absolutely, we're going to make sure we're on
5 the same page and if we're not then we need to have a
6 conversation about why it is we're promoting something
7 else. I suspect that's not going to happen very often.

8 About three years ago--in fact, three years
9 ago this month--President Obama launched the National
10 Export Initiative. He set a goal of doubling exports
11 by the end of 2014. I am very happy to report that we
12 have made great progress since the President's
13 announcement at the State of the Union in 2010.

14 We have had back-to-back years of record
15 exports: \$2.1 trillion in 2011; \$2.2 trillion in 2012,
16 and that supported nearly 10 million American jobs.
17 One of the things that I'm especially proud of is those
18 jobs tend to pay, on average, between 15 and 18 percent
19 more than the national average. So exports not only
20 means jobs, but they mean good-paying jobs.

21 There's no question if we're going to keep
22 this going--and by the way, I'm counting on all of you
23 to get us over the hill here--we've got two more years
24 to go and we're not quite there for doubling exports.
25 But if we are going to get there, supply chains are

1 critical. They're absolutely critical to our success.

2 In fact, I was pretty surprised, as someone
3 who has to deal with both tariff and non-tariff
4 barriers on a regular basis, that a World Economic
5 Forum study that suggested that improving supply chains
6 globally could have a greater impact on trade and
7 economic growth than removing tariffs on traded goods.

8 Now, this may not be news to you, I have to
9 say it was news to me. So if there's any doubt about
10 how important supply chains are and the work you're
11 doing, that should remove it. So we're working on a
12 number of fronts.

13 On the trade policy front we're working to
14 address issues that come up in supply chain with the
15 International Services Agreement, the Trans-Pacific
16 Partnership, and it will be addressed in the new U.S.-
17 E.U. Trade and Investment Partnership, one of the most
18 exciting trade activities that we've seen in many, many
19 years.

20 I'm excited at the possibility of these
21 bookends, the TPP and the U.S.-E.U. Trade Partnership.

22 I'm especially excited that we're not just focused on
23 tariffs but we're focused on other issues like
24 standards, regulatory cooperation.

25 We're doing a lot of things that I would say

1 are blocking a tackle, so they're not as ambitious as a
2 Trans-Pacific Partnership or a U.S.-E.U. Trade
3 Partnership, but it is working with our partners in
4 Mexico, for example, to make cross-border transactions
5 more efficient. It's working with our partners in
6 Brazil to make sure that we are helping them find the
7 best technology to make clearance, Customs clearance,
8 much faster than it currently is.

9 So the bottom line is that we are taking very
10 important steps, I believe, that are very important to
11 improve supply chains. We are taking your
12 recommendations to heart. Here at Commerce, the way we
13 have done it and the way we're going to continue to do
14 it is through collaboration.

15 The fact is, the work that we do is largely
16 for your benefit. So if we're not aligned, then
17 something is really wrong. My belief is that we will
18 be aligned. We will listen and, to the extent that we
19 have differences, we'll work them through before we
20 move it on to the next phase in policy development.

21 So I'm very excited about the work that you're
22 doing. Although I think we made a lot of great
23 progress, there's a lot more to do. I look forward to
24 working with you. I wish I didn't have to board a
25 plane now because I would very much like to hear about

1 the work you are doing, but my team will let me know of
2 your recommendations. I know Nicole is going to
3 present to you in just a moment. You're going to be
4 able to stay and hear --

5 ASSISTANT SECRETARY LAMB-HALE: For a little
6 bit.

7 UNDER SECRETARY SÁNCHEZ: -- for little while,
8 their recommendations.

9 So again, I thank you very, very much and I
10 look forward to being with you at the next meeting.
11 Thank you.

12 (Applause)

13 MR. LONG: I thank the Under Secretary for
14 his comments.

15 I have the distinct pleasure to introduce
16 Nicole Lamb-Hale, our Assistant Secretary for
17 Manufacturing & Services here in ITA in the Commerce
18 Department. She's led our group over the last four
19 years and done wonderful things with MAS to improve its
20 industry expertise and engagement in a variety of
21 issues. A Harvard Law graduate, she also graduated --
22 as a Michigan State graduate, I can say the rival
23 college.

24 ASSISTANT SECRETARY LAMB-HALE: Go blue! Go
25 blue!

1 (Laughter)

2 MR. LONG: So what can I say there? But it's
3 a distinct pleasure to introduce yet another friend of
4 these issues and the kinds of work you're doing.

5 With no further ado, let me give you Ms. Lamb-
6 Hale.

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1 **DEPARTMENT OF COMMERCE EXECUTIVE REMARKS**

2 **Nicole Y. Lamb-Hale,**
3 **Assistant Secretary for Manufacturing and Services,**
4 **U.S. Department of Commerce**

5
6 ASSISTANT SECRETARY LAMB-HALE: Thank you so
7 much, David. Really, I want to say how proud I am of
8 David and his team because we really hatched this idea
9 of the supply chain committee because we understood
10 that in the context of the NEI, if you don't have great
11 infrastructure from a supply chain standpoint and great
12 systems in place, you're not going to be able to double
13 exports, right? If your ports aren't working, if our
14 modes aren't coordinating, then there's going to be a
15 problem to move goods and services. So I'm very
16 excited to see this committee.

17 I regretted missing the first meeting because
18 David and I really worked hard, and the team, to ensure
19 that you be here. So it's such a pleasure to see you
20 and I want to thank you again for your commitment to
21 the cause and to your work to improve the
22 competitiveness of our supply chains, both domestically
23 and internationally.

24 I wanted to also share with you something I
25 did this morning. I had the pleasure of attending the

1 President's Export Council meeting and President Obama
2 was in attendance. One of the things that we talked
3 about, again in the context of doubling exports, is
4 ensuring that our supply chain infrastructure is state-
5 of-the-art, because without that we won't have a chance
6 at really doubling the exports and creating the jobs
7 that are associated with it.

8 So I just wanted to tell you that your ears
9 should have been burning because across the street the
10 President himself was speaking about the importance of
11 the issues you're grappling with. So, thank you so
12 much.

13 As you heard from the Under Secretary, you're
14 really helping us to respond to urgent business issues
15 that affect all of you directly, but also the entire
16 U.S. economy. Your advice impacts and correlates with
17 our work across a broad range of trade and investment
18 issues that we face today.

19 So I want to start with the impact on trade.
20 The recommendations of this committee will be
21 considered in developing U.S. positions on trade talks
22 such as the Trans-Pacific Partnership, which you heard
23 a lot about, the WTO Trade Facilitation Agreement, the
24 International Services Agreement, and the U.S.-E.U.
25 Transatlantic Trade and Investment Partnership, or the

1 TTIP. I love government and these acronyms, so we have
2 a new one. The TTIP is on the horizon, we hope.

3 Those negotiations aim to produce state-of-
4 the-art agreements that will liberalize trade across a
5 wide range of services. In each of these agreements,
6 supply chain issues figure prominently, as I don't have
7 to tell you. Your advice here will provide new
8 insights into what we need to do in these talks as we
9 seek to create a competitive environment for you.

10 Beyond negotiations, there is implementation.
11 Robust supply chains are critical for our economy
12 recovery and will benefit U.S. manufacturers seeking to
13 export their goods and make use of the provisions of
14 the recent trade agreements, such as the free trade
15 agreement with South Korea and the recently adapted
16 agreements with Colombia and Panama, which provided
17 major new areas of market access across a broad range
18 of products and services.

19 Moreover, improved supply chains also enhanced
20 the trade flows that have resulted from many of the
21 predecessor agreements that the United States has
22 concluded with Singapore, Chile, and the CAFTA
23 countries of Central America and the Caribbean. With
24 market access comes a need to ensure the efficient
25 means to deliver goods and services and we really look

1 forward to your advice in that regard.

2 With respect to investment, a competitive
3 supply chain is also essential to the United States
4 both as a major investor overseas and as a leading
5 destination for foreign direct investment. Those
6 investing companies want to know that they can rely on
7 timely receipts of inputs in the efficient movement of
8 goods.

9 Reliable and efficient supply chains based on
10 strong and modern infrastructure and effective policy
11 to improve freight movement increase the attractiveness
12 of the United States as a place to do business. This
13 translates immediately into decisions about where to
14 invest and build factories, where to hire, and how well
15 U.S. firms can meet international pricing challenges.

16 The importance of the supply chain in economic
17 growth was quantified by a recent study conducted by
18 the World Bank and Bain & Company. The report,
19 entitled "Enabling Trade: Valuing Growth
20 Opportunities", estimated that efforts to reduce
21 problems in border administration as well as
22 transportation and telecommunications infrastructure
23 could increase global GDP to six times more than the
24 value of total tariff elimination, and that's what
25 Under Secretary Sánchez alluded to.

1 The report also predicted that if all
2 countries reduced their supply chain barriers towards
3 meeting global best practices, global GDP could
4 increase by 4.7 percent and world trade by 154.5
5 percent. So if that does not highlight what we're
6 doing today, I don't know what does.

7 That impressive statistic is one of the
8 reasons why we consider your input so important as we
9 work to build international capacity and negotiate
10 future trade facilitation elements.

11 Now, addressing the conditions that impede our
12 competitiveness, both in infrastructure and policy
13 terms, is crucial to our efforts to expand American
14 trade, support millions of jobs, and promote the growth
15 of our economy. This improved performance is central
16 to realizing the benefits of our recent growth in
17 trade. Through the President's National Export
18 Initiative, existing and new exporters are finding new
19 ways to enter foreign markets and expand their sales
20 abroad.

21 The simple fact is that if we achieve our
22 goals of expanding our trade flows, we need the systems
23 and infrastructure to carry the increased traffic. Our
24 continued collaboration with the Department of
25 Transportation highlights our focus on bringing all

1 resources to bear on an all-of-government approach to
2 improving trade performance.

3 Another tool at our disposal is our new Select
4 USA program which is designed to spur new investment in
5 U.S. facilities and companies and create more jobs for
6 American workers. But we cannot fully succeed in these
7 efforts and America's supply chains cannot take full
8 advantage of these emerging opportunities at home and
9 abroad if we do not act to remove the freight,
10 infrastructure, and other policy impediments that slow
11 the flow of America's trade and commerce.

12 It is a central fact of modern, advanced
13 manufacturing that the quality and reliability of the
14 Nation's supply chain and the quality of the underlying
15 infrastructure determine in part where companies invest
16 and hire and where they choose to do business. Supply
17 chains affect company financials and the firms' ability
18 to meet global pricing.

19 Our ability to attract inward forward direct
20 investment depends on finding solutions to the issues
21 that you're considering. We also face the near-term
22 challenge, through the MAP-21 programs being
23 implemented right now, of contributing supply chain
24 perspectives towards the creation of a national freight
25 policy and strategy that takes into account the

1 international trade and competitiveness issues
2 important to the economy.

3 This freight policy hits national strategy and
4 priorities and the choice and the definition of
5 performance measures is part of the efforts here and
6 abroad to see and treat all of these systems as
7 integrated systems rather than silos organized around
8 particular modes of transportation or industrial
9 sectors, with little thought for global strategic
10 competitiveness.

11 We need to remind ourselves that every major
12 trading country in the world is pursuing these issues
13 in a strategic way so we must as well. We must pay
14 close attention to how our trade competitors are
15 addressing these issues. The efforts of Germany and
16 the E.U., Canada and China to strategically improve
17 these policies to boost their competitiveness should
18 spur our own strategic thinking on these issues.

19 So in closing, as you continue developing your
20 work plans for the year, please keep in mind that the
21 Secretary is looking for your best ideas on how to help
22 America compete and that we will work closely with our
23 sister departments and agencies across the Federal
24 Government to ensure that these ideas are reflected in
25 their policies and programs.

1 So again, thank you for your efforts and I
2 look forward to our continued work.

3 (Applause)

4 ASSISTANT SECRETARY LAMB-HALE: Yes, sir?

5 MR. SCHENK: Can I just make a suggestion that
6 you find a way to publish that?

7 ASSISTANT SECRETARY LAMB-HALE: Oh. Great.
8 Well, kudos to the team.

9 MR. SCHENK: That was extremely well said. It
10 goes to many of the points we're talking about and it
11 would be nice to hear it from the top and the
12 Department.

13 ASSISTANT SECRETARY LAMB-HALE: Okay. Great.

14 MR. SCHENK: That's something that *Trade Press*
15 and others, I think, would value. It also gives some
16 attention to the existence of this committee.

17 ASSISTANT SECRETARY LAMB-HALE: Yes.

18 MR. SCHENK: It would be a nice kick-off.

19 ASSISTANT SECRETARY LAMB-HALE: That's great.

20 MR. SCHENK: I think it would be very
21 valuable.

22 ASSISTANT SECRETARY LAMB-HALE: Wonderful
23 idea.

24 MS. BLAKEY: Probably if you all send that out
25 as a little article, a lot of us would put it in our

1 newsletters.

2 ASSISTANT SECRETARY LAMB-HALE: That's a good
3 thought. Thank you so much.

4 Are there any questions? I can probably take
5 a few if you have some. I know there's been a lot of
6 work done today. I'm standing in the way of you either
7 getting on an airplane or getting better food, I don't
8 know.

9 (Laughter)

10 ASSISTANT SECRETARY LAMB-HALE: But I do look
11 forward to the work that you do, the results of that
12 work. Rest assured that I'll be paying very close
13 attention. This is one of my favorite aspects of my
14 job, working with the private sector advisory
15 committees, because this is really where we get the
16 information that we need to get the job done here.
17 Without you, I don't think we have much use. So thank
18 you so much for being here and I look forward to
19 continuing the work.

20 Yes?

21 MR. MOTTOLA: So what would you identify as a
22 measure of success for this group? What are your
23 expectations for our deliverables?

24 ASSISTANT SECRETARY LAMB-HALE: Oh, that's a
25 great question. Well, one of the things that you may

1 have heard already, and if so I'll just reemphasize, is
2 success would be to find the things that we can do on
3 these issues in the executive branch. I think that
4 would be so crucial because our colleagues on the Hill
5 have their processes and they are well-intentioned, but
6 sometimes when you kind of have to go through that
7 process it takes a while, right? We have a great
8 interagency process.

9 Our Trade Promotion Coordinating Committee
10 works more closely--a lot of our career folks tell us
11 this--than they've seen in years. They're comprised of
12 many of the departments that will be working on this
13 effort and beyond. So to the extent that you do your
14 deliberations you can think of things that can be done
15 in the executive branch where we can really get some
16 quick hits that make a difference, that would be
17 success.

18 Okay. Well, thank you so --

19 MS. BLAKEY: Actually, following up on that,
20 I'm curious. You all interested, though, in this
21 committee trying to nudge, shall we say, the
22 legislative branch to take policy positions and so
23 forth a little bit? Are you interested in having us
24 suggest that there should be changes or new initiatives
25 that support the changes to laws in Congress?

1 ASSISTANT SECRETARY LAMB-HALE: Well, I cannot
2 ask you to lobby.

3 MS. BLAKEY: No.

4 ASSISTANT SECRETARY LAMB-HALE: But certainly
5 as business people, in your individual capacities and
6 as members of this committee, if you feel that there
7 are certain things that need to be done to make it
8 competitive that require legislation, by all means make
9 those recommendations and pursue it.

10 Okay. Well, thank you so much.

11 CHAIRMAN BLASGEN: Thank you.

12 (Applause)

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CLOSING AND ADJOURNMENT

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3 CHAIRMAN BLASGEN: Well, great. Being
4 respectful of everyone's time, I want to thank everyone
5 for your terrific engagement. I think we've made a lot
6 of progress today. I know there will be follow-ups
7 from each of the subcommittees. We have our schedule
8 out there with the dates for this committee to regroup
9 again, so safe travels and thanks, everyone, for a day
10 well spent. I appreciate it.

11 (Whereupon, at 1:07 p.m. the meeting was
12 adjourned.)
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C E R T I F I C A T E

1
2 This is to certify that the foregoing
3 proceedings of a meeting of the Advisory Committee on
4 Supply Chain Competitiveness, United States Department
5 of Commerce, held on Tuesday, March 12, 2013, were
6 transcribed as herein appears, and this is the original
7 transcript thereof.
8
9

10 ANTHONY DENNIS

11 Court Reporter
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