

ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS

Department of Commerce
Room 4830
Washington, DC

Tuesday,
June 10, 2014

The meeting was convened, pursuant to notice,
at 9:10 a.m., MR. RICK BLASGEN, Chairman of the
Committee presiding.

APPEARANCES:

COMMITTEE MEMBERS:

MR. RICK D. BLASGEN

MR. PAGE SIPLON

MS. LESLIE T. BLAKEY

MR. DENNIS E. BOWLES

DR. SANDOR BOYSON (Via Conference Call)

MR. RICHARD BREFFEILH

MR. JOSEPH G. B. BRYAN

MR. CARL Q. CARTER

MR. BRANDON FRIED

MR. LANCE R. GRENZEBACK

MR. RAM KANCHARLA

MR. RICKY KUNZ

MR. GARY S. LYNCH

MR. TONY McGEE

MS. TIFFANY MELVIN

MS. CYNTHIA RUIZ

MR. NORMAN T. SCHENK (Via Conference Call)

MS. ELIZABETH SHAVER

MR. CHRISTOPHER S. SMITH

MR. MIKE STEENHOEK

MS. ANNE STRAUSS-WIEDER

MR. JUAN VILLA

MR. DEAN H. WISE

U.S. DEPARTMENT OF COMMERCE:

MR. TED DEAN
Deputy Assistant Secretary
For Services

MR. DAVID LONG
Director
Office of Service Industries
U.S. Department of Commerce

MR. BRUCE HARSH
Division Director
Distribution and Supply Chain
U.S. Department of Commerce

MR. RUSSELL ADISE

MR. RICHARD BOLL

ALSO PRESENT:

Fran Inman (Via Conference Call)

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COMMITTEE WELCOME

Mr. David Long, Director

Office of Supply Chain, Professional

and Business Services

U.S. Department of Commerce

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8 MR. LONG: Let's get started. We're running
9 slightly behind. We've got a fairly complicated agenda
10 ahead of us here.

11 My name is David Long. I'm convening the
12 meeting of the Advisory Committee on Supply Chain
13 Competitiveness in accordance with April's Federal
14 Register notice about the meeting.

15 I want to thank all of you for coming here.
16 We're a little bit light today, as a result of some
17 corporate meetings and a few personal emergencies. But
18 we also have four people calling in to be participants
19 in the meeting.

20 Sandy Boyson will be joining us by phone for
21 the discussions on single window and ITDS. Ron Stowe
22 will be joining us for the freight and ITDS where we
23 have a guest speaker related to the freight committee.

24 And also Norm Schenk will be calling in from
25 Europe to do the presentation for the regulatory group.

1 So there's no shortage of commitment on this.

2 Just to start some basic housekeeping things
3 about it, everything we do here is on the record. As
4 you know from previous meetings, the meetings are
5 recorded. There's a transcript of the meeting that's
6 published on the website after the session is over.
7 So, you know, everything you say is on the record here.

8 In terms of the overall spirit of the meeting,
9 what counts today, as always, are your ideas, your
10 viewpoints, where we should be going in commercial
11 supply chain terms with the issues ahead.

12 I think given that we've got a lot of things
13 going here, I just want to mention, we have a number of
14 speakers and people coming in from different parts of
15 the government to assist with some of the
16 presentations.

17 In the past we've had specific questions about
18 how particular policies work at DOT, for example,
19 weight issues and the rest. We've invited Kate Rayman
20 to come talk about that. We also have Fred Eberhart
21 from DOT talking about some developments and things
22 going on with North America. And similarly we have
23 guests from the White House and DHS to assist us with
24 some of the developments in the single window and the
25 ITDS program.

1 We also want to mention that we have a number
2 of new members who have joined us. At our last meeting
3 we were just concluding the process of accepting
4 applications for the membership. And we've been able
5 to expand the membership and the committee and add some
6 new slots. So we took on 14 new members as we lost a
7 few last year. So the current total for the committee
8 will be 45.

9 Maybe a good thing to do here would be to go
10 around the room and just introduce all of ourselves.

11 (Whereupon, the attendees introduced
12 themselves.)

13 MR. LONG: Again, a hearty welcome to
14 everyone. Glad to see we have such a strong group in
15 this.

16 In a few minutes we're going to be doing some
17 ethics and security briefings that come with the
18 rechartering of the committee and the new membership.
19 So we'll be doing that shortly.

20 Let me turn this part over to the chairman to
21 talk about where we're going to be going.

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COMMENTS AND COMMITTEE BUSINESS**Chair Rick Blasgen**

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4 MR. BLASGEN: Great. Well, let me add my
5 welcome to all of you and welcome to the new members as
6 well. As you can see, it's a rather eclectic group of
7 professionals from all different walks of supply chain
8 life which is exactly what we commissioned here in
9 order to tee up our recommendations as to how our
10 country can remain competitive in what we all know as a
11 global stage called supply chain management.

12 So what we're doing is very important to the
13 country and very important to the administration. We
14 look upon it as recommendations with which we take
15 action.

16 So I'll remind ourselves that everything that
17 we recommend, we want it to be well understood and
18 actionable. Some day we might produce the elegant
19 solution. But for now we've got to do things that can
20 certainly impact the decisionmakers in terms of where
21 money flows and also what types of activity we want to
22 impact in the supply chain. So, I just want to remind
23 ourselves of that.

24 So as David mentioned, we've got a great
25 program today with some visitors who are interested in

1 what the committee is doing, and also some experts to
2 advise us on critical areas upon which we can build our
3 recommendations as we go forward. So we'll hear from
4 them as well.

5 We're going to begin with an update from
6 Christa and Christine in a little bit here after our
7 ethics conversation. And as you know, our first
8 recommendation was on single window and ITDS. So we'll
9 hear where that work stands. And as that continues to
10 progress this committee will remain involved and be
11 able to provide guidance and advice where necessary in
12 order to further that important area as well.

13 And the same way for the other groups to
14 follow, we've arranged for some brief presentations on
15 issues of expertise as we talked about at the last
16 meeting. For example, in the freight movement
17 discussions we'll hear expert views of some of the
18 issues and methodologies that underlie the work that
19 will be presented today for your consideration.

20 And we'll have similar experts on weight
21 issues that we talked about at the last meeting as well
22 with respect to the regulatory groups and materials,
23 and we'll also be hearing details of work beginning on
24 North American Freight Planning as we opened
25 discussions on the work ahead on North America that we

1 talked about at the last meeting as well.

2 As far as outcomes following our work at the
3 last meeting on the final recommendation on single
4 window, we're hoping here today that we can advance
5 that discussion far enough so that after today's
6 meeting we can prepare a draft and formal
7 recommendations for deliberation and action at the
8 September meeting on possibly freight which is very far
9 along. And they've met through the wee hours of last
10 night preparing some information to share with this
11 group today.

12 We also talked about with the subcommittees
13 making sure we continue to gate the recommendations as
14 they come out so that we're not coming up with five at
15 once, all in a period of one or two years, but have
16 them come out routinely so that we can continue to keep
17 the momentum going and continue to follow paths that
18 make sense for the Administration and others as timing
19 allows us to make those recommendations.

20 So we're very interested in the work that was
21 done up until this point. So the process will be the
22 same way that managed before the single window. So
23 after today we'll take a look at when a final
24 recommendation might be forthcoming, after we have
25 this, we'll take a hard look at that. And so our next

1 meeting is scheduled for September 11th. We certainly
2 don't have to wait until then for final recommendation.

3 Like we did with single window, we can do it between
4 our meetings. There's a process that's for that, so
5 we'll keep that in mind as well.

6 And then we'll hear from the other
7 subcommittee meetings who are in various stages of
8 coming along with their recommendations toward the
9 other half of the day as well.

10 And, again, as we have said from the
11 beginning, all the committees are moving at different
12 speeds for lots of different reasons and that's
13 perfectly fine. So it's not a horse race. It's how do
14 we get the most impact and have the most clarity with
15 regard to what recommendations as we go forward.

16 So, with that, David --

17 MR. LONG: Thank you. We have a couple of
18 arrivals too. Could you just let the group know who
19 you are, please?

20 (Introductions were made.)

21 MR. LONG: Okay. And just a couple more
22 things here. A couple of housekeeping things for
23 today. I think from previous meetings everybody knows
24 where the restrooms and other facilities are in the
25 building, on down the hall here to the right. At lunch

1 we'll also have some light snacks and associated drinks
2 and things with that.

3 Feel free to come in and out as you like with
4 that. There will be a break in the way through. And
5 I'm under various severe penalties should we fail to
6 clean up after the meeting.

7 (Laughter.)

8 MR. LONG: What we're doing right now is in
9 the next couple of minutes we'll have the lawyers join
10 us for the ethics briefing. One thing, let me offer
11 Page Siplon a chance to offer any thoughts he may have
12 on the state of play for this as part of the program.

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COMMENTS AND COMMITTEE BUSINESS**Vice-Chair Page Siplon**

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4 MR. SIPLON: Well, thank you. I think Rick
5 covered it very aptly. For the new members, I think
6 you'll enjoy this. So these issues and topics we're
7 talking about are very large in scale and scope, impact
8 all of our businesses no matter what part of the
9 country we're in. So I think you will be excited to
10 see the pace at which this moves and really some of the
11 actionable things that come out of it thus far and a
12 lot more is to come. So, please don't be shy. I know
13 you won't be, but it's always been a healthy
14 conversation in this room so far and I know today will
15 be no different.

16 MR. LONG: Then the last preparatory item here
17 is just that immediately after lunch it will be a
18 pleasure to introduce my new boss, Ted Dean, the Deputy
19 Assistant Secretary for Services. He's very engaged in
20 supply chain issues. He was with Fransica beforehand
21 and he'll be coming to lead the discussion with us
22 today on developments in North America.

23 A big focus of the Department and the
24 Administration as a whole is to conceive of North
25 America as an export platform and look at our

1 competitiveness in those terms rather than simply
2 bilateral relationships. While some of you may have
3 seen him in previous events in Chicago at NAFTA next,
4 and this will build on some of the work we did
5 preparing for this work.

6 To join in, Fred Eberhart from DOT will be
7 coming with us and he'll take us briefly through some
8 of the work that's going on directly with the
9 Transportation Department and the Mexican counterparts
10 right now on those issues. So we're just waiting for
11 the lawyers at this point.

12 MR. BLASGEN: And one of the things that I'd
13 just talk to the group a little bit about. Page and I
14 were talking about the discipline of supply chain
15 management. My background is 25 years in the food
16 industry whacking away at our leaders back then to talk
17 about how important logistics in supply chain
18 management is and how we should be looked upon as a
19 revenue generator and a discipline that can help our
20 companies succeed. Well, we're getting there. I can
21 tell you from all of the universities that we work
22 with, we're not graduating enough students for the
23 demand that's out there in supply chain management
24 today. There's so many companies and so many different
25 industries that found their way to understand our

1 discipline is important and we need to elevate it.

2 So when you think about the work that this
3 committee does on behalf of our country and the
4 economies that we support, it's crucial. It's crucial
5 to our future, to our growth, and to connecting markets
6 in a way never before. And there's so much technology
7 that's coming out. We'll talk about that as well.

8 The minute you start up an initiative on a
9 certain platform, three months later there's another
10 platform that's better. And so when we talk about the
11 recommendations from the group, we've got a
12 subcommittee on IT and David that is looking at how we
13 can perform within the supply chain field better using
14 the technology that we have at our fingertips. And
15 it's fascinating just to see what's going on in the
16 industry and I'm sure many of you are seeing that as
17 well. So it's kind of significant for a discipline
18 that's on its way to get a seat at the table and now
19 we're there. And so there's so much focus on it and so
20 much activity it's kind of rather revealing to see
21 that.

22 MR. SIPLON: From an economic point of view, I
23 mean, many of us in the group here have come from
24 individual companies, but for a group that works with
25 companies to try to recruit them to help their

1 companies grow and expand, or move locations to fit
2 into a new chapter in their corporate lives, you know,
3 we find -- we were joking before about be careful what
4 you ask for. We felt for so long try to get supply
5 chain in the ports and rail and trucks to be an earlier
6 and more often conversation in that economic
7 development site selection process. I think we're
8 getting really close.

9 We see them coming to Georgia. And I know
10 your states are in the same boat. They're asking about
11 supply chain, they're asking about your transportation
12 assets, they're asking about what kind of differences
13 these things things will make, how does the port make a
14 difference to economic development in LA and California
15 and the list goes on and on. So it's important that
16 the work that we do, you realize that it is much larger
17 than just your own individual company, but also guided
18 by private industry. I think if us from the government
19 sat here and tried to figure it out, we know one thing
20 that we would be wrong about. We need private industry
21 input specifically with supply chain. At the end of
22 the day we don't have boxes that move; right? We don't
23 have trains, we don't have cargo. It's your companies
24 and the companies that you represent that do. We need
25 their input to make sure that it's actionable and real

1 from a private industry perspective.

2 CHAIR BLASGEN: Well, it's interesting to talk
3 about electronic commerce, right, and how many of you
4 in this room have bought something off the Internet?
5 It's fascinating. You order it by 10 a.m. and it's
6 delivered at 3 p.m. Why we need our refrigerator
7 filters that quick is yet to be determined. But
8 companies are out there because they can do it. It's
9 the market in play.

10 So electronic commerce, e-commerce, everything
11 we're buying off of Internet platforms is changing what
12 supply chains do. And although it's a small part of
13 total retail, it continues to grow. What happens when
14 it's 30 or 35 percent of total retail sales? What
15 happens to malls? What happens to Office Max, Office
16 Depot? Do you have to go into that store to see your
17 ink when you can pull it up on line, twirl it around
18 and buy it. So there's companies out there thinking
19 about the impact of the space that they occupy today
20 within modern supply chains and what that means for our
21 future. Companies like Macy's have come out and taken
22 500 of their stores and turned parts of them into e-
23 commerce centers to the jeans that you're buying coming
24 from local inventory in your neighborhood as opposed to
25 some centralized distribution center.

1 So all these models are being -- you know we
2 hear it as omni-channel, or multi-channel distribution.

3 Fancy words for, you know, different ways in which we
4 can buy our goods off a platform and that's meaningful
5 in the supply chain world.

6 So, anyway, I just offer that as a backdrop
7 for our continuing evolution of supply chain world
8 dominance.

9 (Laughter.)

10 MR. LONG: All right. It's a pleasure to
11 turn the program over next to our legal department to
12 talk about the updates in security issues associated
13 with operating the advisory committee. We start by
14 introducing Alice McKenna, senior counsel.

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SECURITY AND ETHICS BRIEFINGS**Office of Security, Office of General Counsel****Alice McKenna, Senior Counsel**

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5 MS. MCKENNA: Thank you very much, everyone.
6 My name is Alice McKenna. I'm from the general law
7 division of the Office of General Counsel. We deal,
8 among other things, in information law. So Federal
9 Advisory Committee Act which governs how the Department
10 administers groups such as yours and also we do Freedom
11 of Information Act and Privacy Act and numerous other
12 things but those are the ones most relevant here.

13 Somehow I fell into it and I've become and
14 Advisory Committee Act expert. I've been with the
15 Department for over 25 years and at a recent council it
16 turned out I was the eldest member of the FACA
17 attorneys group by some means.

18 My colleague here from the Ethics Office is
19 Adrial Harris. Our offices -- we both report to the
20 same assistant general counsel and we work together
21 very closely on ethics issues that affect advisory
22 councils throughout the Department. There's about
23 1,000 government wide, 60 some here in the Department.

24 It's my pleasure to be able to be here to talk
25 to you. To those of you who were here last year, hi,

1 again. To the new members, welcome, and thank you to
2 all of you for your service, it's invaluable.

3 So getting to what the Federal Advisory
4 Committee Act is and what it means to you, it's an open
5 government statute that was passed in 1972. It's sort
6 of a legislative cousin to the Freedom of Information
7 Act which you might be more familiar with. Sort of
8 addresses the same concerns. It was passed to address
9 what were perceived as abuses in advisory committees
10 that gather together to provide consensus advice to
11 government officials. We've had advisory committees in
12 the government since the Washington administration. So
13 they've existed in one form or another. I think the
14 first advisory committee was in 1792 and we finally got
15 a Federal Advisory Committee Act in 1972.

16 Some of the abuses that this system is
17 designed to address is just the opaqueness that had
18 existed for about 180 years. Who are these people
19 anyway? How does the President know them? How do
20 these officials know them? Are they really all his
21 fraternity brothers? What are they saying? Are they
22 interest balanced?

23 For example, in the 1920's there was a Mine
24 Safety Commission made up completely of mine owners.
25 Of the various representatives, are the interests well

1 represented? How much is the government spending on
2 this?

3 Back when the statute was passed in 1972, I
4 think what was then the Office of Management and Budget
5 tried to do a call; how many committees do you have,
6 and what are they costing you? Agencies didn't know
7 the answer to either of those questions. So this is
8 what Federal Advisory Committee Act does. It sort of
9 regulates them and makes sure we don't have unnecessary
10 expenses and it also addresses the transparency
11 concerns.

12 Now, one important thing to emphasize is that
13 it imposes requirements on government agencies, not on
14 you. Now, that doesn't mean that some of our
15 requirements don't affect how this committee -- how you
16 meet and the planning we have to engage in to do this
17 committee. But it's really the responsibility -- if an
18 agency is sued -- I've never seen a situation where a
19 private individual has been sued for their service on
20 an advisory committee. We're the ones getting sued.

21 The most important aspects of the FACA for all
22 of us that it's an advisory body, so you're not making
23 government decisions or operating government programs.

24 And also the openness and transparency is a huge
25 aspect of FACA. It's the one we tend to get sued on

1 the most.

2 So FACA members, we're getting to the open
3 meeting requirements. Open meetings are the rule and
4 not the exception. There are provisions for closed
5 meetings, but I don't think this committee ever uses
6 them. You're not likely to talk about classified
7 information. No. Okay. Things like that. Some
8 committees do. And if some of you serve on other
9 committees that are closed, there's a process for
10 getting agency approval of a closed meeting.

11 Now, there are some things that don't rise to
12 the level of a meeting to begin with. And one of those
13 are administrative briefings from the Agency to the
14 Committee like we're doing right now. And the other
15 thing that's probably going to be more of interest to
16 you are subcommittee meetings. These are established
17 subcommittees that have been approved by ITA. And
18 those subcommittee meetings are -- currently they're
19 not viewed as FACA meetings for the purpose of the
20 statute, but there's an important caveat that goes with
21 that and that is that the subcommittee meetings cannot
22 -- any subcommittees or what we call working groups
23 which might have one person from this committee and
24 then other people selected by the Department, who
25 aren't on the parent committee, you can't advise --

1 those subcommittees can't advise the government
2 directly. Rather, what a subcommittee is supposed to
3 do is come up with preliminary analyses, reports,
4 recommendations, drafts, present them to the full
5 committee here. The full committee then deliberates
6 and discusses them at an open meeting and that's where
7 the openness comes in. Okay. That's where we sort of
8 air out the deliberative process.

9 So some of you might have -- if, for example,
10 there's questions, can we have conference calls,
11 absolutely. But it has to be sort of in the context of
12 a subcommittee or some sort of internal subset of the
13 group that is later going to discuss this. So at some
14 point in the process we have to have the -- shine the
15 light of day onto what's going on.

16 Many agencies are criticized currently by the
17 government watchdog groups for forming subcommittees
18 where the heavy lifting gets done and then everything
19 else is just sort of a theater to -- and we want to
20 avoid that.

21 Now, another aspect of the openness is, of
22 course, we have to have open meetings and they have to
23 be announced to the public 15 days advance, in the
24 Government's official gazette, the Federal Register.

25 Now, the Federal Register in turn needs three

1 working days to get our notices published. We need
2 time to get the notices through the course. You all
3 are logistic professionals. You understand. But what
4 this means is that there is no way on God's green earth
5 that we can hold a meeting in anything less than three
6 weeks. So, all the planning that goes in and the
7 clearances that have to take place mean to me that 15-
8 day Federal Register deadline, we need to think, you
9 know, at a minimum, I don't know, it's different for
10 every committee, but six to eight weeks out.

11 So as to recordkeeping, please be aware that
12 all records or materials that are provided to an
13 advisory committee, either by yourself or from the
14 public, are public information. We scrub them for
15 information that would be exempt under the Freedom of
16 Information Act. But, just bear in mind that you're
17 encouraged to be candid, but bear in mind it's all on
18 public record. The public is invited to attend. We
19 are obliged to keep good meeting notes, not transcripts
20 yet, but good meeting notes of what gets said.

21 All reports that you issue are publicly
22 available unless there's something that would be
23 subject to an exemption under the Freedom of
24 Information Act. So security classified which you
25 wouldn't be dealing with, PII.

1 If you send us materials on your corporate e-
2 mail, or you send other members materials that go into
3 the public record, to the extent that you might have
4 your desk telephone number, you might want to set up a
5 different e-mail account for that, or scrub that. We
6 would scrub it for you, but it's easier if we have to
7 respond to a Freedom of Information Act request that
8 it's not there in the first place.

9 So, that is all I have to say unless you had
10 some quick questions. We have sworn a blood oath to
11 our clients that we would be out of here before ten
12 o'clock.

13 You look like you might have a question, sir.

14 No?

15 No. Okay. Some of you have been appointed --
16 most of you have been appointed as representatives of
17 various aspects of the supply chain universe. Some of
18 you have been appointed as individual experts as
19 academics on specific issues. And that appointment
20 designation which you should know, it should have been
21 in your letter, will make a difference in your
22 responsibilities regarding government's ethics statutes
23 which my colleague Adrial Harris will now address.

SECURITY AND ETHICS BRIEFINGS**Office of Security, Office of General Counsel****Adrial Harris, Esquire**

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5 MS. HARRIS: Good morning, everyone. I'm
6 Adrial Harris and I'm an attorney in the Ethics Law and
7 Programs Division. As Alice said, we work together to
8 provide guidance to employees and to those who work
9 with the federal government as necessary. So I will
10 talk about the federal ethics rules. I think some of
11 you in the audience are full-time regular employees.
12 Hopefully this will be a repeat of things that you
13 already know from your own ethics trainings at your
14 agencies. For those of you who are special government
15 employees, most of this presentation will be directed
16 to you. And I'll probably talk for about ten minutes
17 or so and I'm happy to take questions.

18 There are some of you who are appointed as
19 representatives, as Alice said. Most of the ethics
20 rules do not apply to you because you're not regular
21 employees and you're not special government employees.

22 But as Alice and I were discussing on the way here,
23 that doesn't mean that anything goes. So, it's not
24 full license.

25 And I'll just say at the outset, we don't get

1 too many ethics questions from FACA groups, but if you
2 do have a question about something, feel free to
3 contact your designated federal official, your DFO, who
4 will remember how to get you back in touch with me so
5 that I can provide you with guidance. And please don't
6 hesitate to take advantage of our services, because
7 it's always better to ask and it's free legal guidance.

8 So you might as well ask if you have a question, we're
9 happy to answer.

10 So let's talk first about financial conflicts.

11 The general rule is that you cannot work on a
12 government matter in which you have a financial
13 interest. Now, for special government employees, you
14 don't need to worry about the financial interests of
15 your outside employer, this is waived. But if you have
16 a substantial amount of stock in a company over 15,000,
17 you have high stock investments in a particular
18 industry sector, and you're working on a FACA matter
19 that would have a direct impact on the financial
20 interest of the company in which you hold stock, or the
21 financial interests, a waiver may be appropriate.

22 Generally this has not been an issue for this committee
23 in the past, but we do want to advise you about it.

24 MR. LONG: Can you explain us what a special
25 government employee is?

1 MS. HARRIS: A special government employee, do
2 you want to explain that, Alice?

3 MS. McKENNA: Okay. About 14 years ago the
4 Office of Government Ethics came up with sort of a
5 dichotomy in how individuals serve on advisory
6 committees. And the two, aside from regular government
7 employees, are representatives of interest groups and
8 then the other one is individual experts. That's not
9 to say that a representative of an interest group
10 doesn't have some expertise, I rather suspect the
11 reason why you become a designated representative is
12 because you know more than anything -- more than most
13 other people about this area. Rather, the distinction
14 is based on what we need from you. So if we want to
15 hear the views of an industry sector and we want
16 somebody who the industry sector is interested in
17 viewing as their spokesperson, those people will be
18 representatives. I think of it sort of like the
19 Verizon guy with, you know, the whole crowd of people
20 behind him.

21 And representatives are expected to talk to
22 their represented communities, hey, I'm going to a
23 meeting in five weeks, these are the issues on the
24 agenda. What kinds of things do we really want to
25 push. These are the kinds of things we would be

1 anticipating.

2 Now, a special government employee, individual
3 expert, may be a former trade association or something,
4 but what we are seeking from that individual isn't sort
5 of a spokesperson for an interest -- or the input from
6 a spokesperson from an interest group, rather we're
7 looking at technical information from them on how
8 things work or how the industry works.

9 So my teaching example is we might have a
10 committee that advises the Department on professional
11 services, how do we export professional services? And
12 if we wanted representatives on that group, we would
13 have probably somebody from some association for
14 certified public accountants, the American Bar
15 Association, et cetera. So we might have an individual
16 from the American Association for Certified Public
17 Accountants, I just made that group up, I'm sure
18 something like it exists. And that individual would be
19 serving in a representative capacity to bring us the
20 views of what the accountancy community wants from say
21 exports of services.

22 Now, we might also have a committee that
23 advises us on how to manage our financial systems in a
24 better way, more efficiently. And maybe on that
25 committee we want a bunch of experts and we might want

1 an accountant to tell us how accounting systems work.
2 It could be the same individual but that person is
3 serving as a special government employee because he or
4 she is there to essentially lend us their individual
5 expertise on how accounting systems work or what
6 accounting systems are and what the flaws are and the
7 vulnerabilities. They're speaking from sort of a
8 different role.

9 So the distinction between representative and
10 expert is not really your individual abilities, but
11 rather what role you are playing on the committee to be
12 sort of what I call the Mensa group or a spokesperson
13 for an industry sector.

14 MR. LONG: And in this group there are, I
15 think, three or four special government employees, the
16 rest are representatives.

17 MS. HARRIS: Okay. I could have answered, but
18 having Alice answer is like going to Wikipedia.

19 (Laughter.)

20 MS. HARRIS: Okay. So another topic I wanted
21 to raise is what we call appearances and bias. The
22 general rule is that you cannot work on a specific
23 matter like a contract or a grant or litigation if you
24 have a close business or personal relationship with
25 someone who is involved in the matter.

1 Now, as I keep saying, this generally is not
2 an issue for FACA committees, because you often work on
3 policy matters which are not covered by this
4 restriction. But if you should be asked to work on
5 something that is a specific matter like a contract,
6 litigation, a grant, anything like that, and you do
7 find that you have a close relationship with somebody
8 outside of the federal government who is involved in
9 the matter, you should disqualify yourself or come talk
10 to us.

11 Somebody with whom you would have a close
12 business or personal relationship that could provoke
13 this problem would be a close family member which is
14 not actually defined, so we just say, you know it when
15 you see it, even if you're not speaking to them; an
16 outside business associate, an organization with which
17 you are very active in your personal capacity, anyone
18 who lives in your household, and then other close
19 business and personal associates.

20 Okay. So gifts, this is an easy topic. First
21 of all, before we even talk about gifts, we'll talk
22 about bribes. You cannot take anything of value that
23 is given to you for the purpose of influencing your
24 government actions, either to take action or to fail to
25 take action. That's generally a given, but we still

1 say it anyway. So don't take bribes.

2 Okay. Now, as far as gifts go, you cannot
3 take any gifts that are offered to you if you're a
4 special government employee. This doesn't apply to the
5 representatives. You can't take any gifts that are
6 offered to you because of your government position, or
7 offered to you by anyone or any entity with a matter
8 before the Department of Commerce. Often that is
9 everyone because Commerce is so large that most persons
10 and entities may have something before the Department.

11 So we look to see if exceptions apply. First
12 of all, there's no problem with taking gifts from
13 friends and relatives. You can, you know, take
14 whatever they'll give you. Gifts worth less than \$20
15 generally aren't a problem. Gifts that are offered to
16 you because of your outside business activities, are
17 not a problem. So anything that you would normally get
18 because of your -- you know, your other life, your
19 private sector life, generally would not be a problem.

20 It's okay to take gifts from one another. But
21 remember that federal employees are subject to these
22 gift restrictions. So if you plan to offer a gift to
23 somebody on the committee who is a full-time federal
24 employee, that could raise a gift issue for them.

25 Generally, when we see gift issues there are

1 two examples that we see. The first is that some
2 generous FACA committee member will offer to buy a meal
3 for everyone so that there can be working meal. We
4 should be involved if you wish to do that so we can
5 make sure that nobody has any issues with accepting the
6 meal.

7 I think I mentioned less than \$20 is usually
8 okay. So if it's not a very nice meal --

9 (Laughter.)

10 MS. HARRIS: -- that would probably be fine.

11 MS. McKENNA: Only lunch.

12 MS. HARRIS: So I just got you off the hook
13 for having to offer to buy a very nice lunch. But we
14 still like to be involved and give guidance.

15 Now, another gift issue that we often see come
16 up for FACA committees could be a gift to the agency.
17 So not a personal gift, but a gift to the Department of
18 Commerce. An example of this was, a few years ago we
19 had somebody who sat on a committee who also worked for
20 a big company, and the big company owned a big dataset.

21 And they were going to allow the committee to use the
22 dataset and use the application -- the software that
23 they had to process the data and there was value to
24 this because it wasn't publicly available from the
25 company. So we looked at whether the agency could

1 accept this as a gift or not.

2 So if you want to give something of value to
3 the committee like that, we should be involved.

4 Any questions so far?

5 (No response.)

6 MS. HARRIS: No? Okay.

7 All right. Outside employment. Generally the
8 idea here is you should not be involved in outside
9 work, outside activities, even if they're not for pay,
10 any outside activities that would create a conflict
11 with your government job.

12 Now, for the special government employees
13 serving on the committee, you don't need to worry about
14 a conflict with your outside employment, your main job,
15 your private sector employment. Generally that's not a
16 problem. But remember a few points. If you want to be
17 involved in any activities that require you to
18 represent others before the Department of Commerce and
19 you serve over 60 days, we should talk first. So,
20 again, it would be potentially an issue, something we
21 should talk about if you want to be involved in
22 representing somebody else like your company or a
23 client before the Department of Commerce and you've
24 served over 60 days. I want to give you advice on that
25 point.

1 For the full-time employees in the room, of
2 course you know you cannot be involved at all in
3 representing another before any federal agency or
4 federal court to influence government action. But for
5 special government employees, that restriction is much
6 more confined, it's just before Department of Commerce.

7 Also, employment with a foreign government
8 would be barred. And let me find my exact restriction
9 here.

10 Okay. You cannot perform services on behalf
11 of a foreign government that would require registration
12 under the Foreign Agents Registration Act or the
13 Lobbying Disclosure Act. And if you have any outside
14 activities involving working for a foreign government
15 we would want to give you advice about that.

16 That's derived from the Emoluments Clause
17 which is in the Constitution actually.

18 MS. McKENNA: Means you can't get paid by
19 another government agency if you're working for this or
20 you can't get paid by a foreign government if you're
21 working for this one. It was apparently a problem when
22 Benjamin Franklin was Secretary of State.

23 MS. HARRIS: Okay. Political activities,
24 briefly.

25 MS. McKENNA: Minister to France, sorry.

1 MS. HARRIS: We are heading into a political
2 activity season. So let me get you up to speed about
3 the restrictions on political activities.

4 MS. McKENNA: Just for SGEs.

5 MS. HARRIS: Just for SGEs. The restrictions
6 are that you cannot engage in -- well, basically, keep
7 government and politics separate. You should not be
8 involved in any partisan political activities while
9 using government resources, while using government
10 time, while using your government affiliation in any
11 way.

12 Now, when I say "partisan political
13 activities" I mean an action taken towards a success or
14 failure of a partisan political candidate, campaign, or
15 party. I do not mean hot topics. So, I'm not talking
16 about, you know, what's going on in Ukraine or the
17 issues that the parties generally get, you know,
18 exorcised about. We're specifically talking about
19 partisan political activities, actions taken towards a
20 success of failure of a campaign candidate or election.

21 So, again, keep government and politics
22 separate.

23 The last topic that I want to cover briefly
24 applies to everyone, even the reps. Actually there's
25 one more topic after this. So we'll say it's

1 penultimate. Government resources. The general rule
2 is that anything Commerce has given you in connection
3 with this work is there to be used for Commerce
4 officially approved activities. So don't use
5 government resources for personal purposes. Remember
6 that government resources includes all of the abstract
7 things to which you have access as a result of this
8 work. That means it's your title, any non-public
9 information to which you have access, even if it's not
10 classified. If it isn't released to the public, it's
11 still not public and you can't use it or disclose it
12 for personal activities.

13 Your government affiliation is another
14 government resource that can only be used for
15 government purposes. So, for example, we have had
16 representatives and SGEs ask in the past if they can
17 reproduce the Department Logo on business cards that
18 they want to distribute, but maybe on the reverse side
19 of their regular business card. You cannot use the
20 logo and if you wish to make a reference to this work
21 on a business card or something else, it has to be
22 specific like member of XYZ committee. You can't just
23 say, you know, and Department of Commerce.

24 So, don't misuse nonpublic information, don't
25 misuse your government affiliation.

1 MS. McKENNA: Okay. One last -- to the
2 penultimate is also that if you were to -- nothing you
3 do on this committee restricts your rights as citizens,
4 especially your first amendment. So if you wanted to
5 write letters to the editor or opinion pieces, OP-EDs,
6 post things on the Internet, you're certainly welcome
7 to do that. Now, in that capacity, you can list your
8 membership on this committee among other qualifications
9 to establish your bona fides, but please do not speak
10 on behalf of the committee when you are posting things
11 on the Internet or OP-ED pieces or blogging. We will
12 speak -- we'll be the ones to articulate what advice
13 we've gotten from you. But, you certainly are able to
14 say, I'm an expert in this, I'm a representative of
15 that, I'm also on the committee and here are my views.

16 CHAIR BLASGEN: A question about that. At
17 times, members of the committee might want to put out a
18 press release on something that they participated in
19 that this committee accomplished, is that acceptable to
20 do if approved by the Department?

21 MS. McKENNA: If approved by the Department;
22 yeah.

23 I think talking about your experiences, you're
24 certainly free to do that. It's a bit of a continuum.
25 So if there's any question, you would want to contact

1 the DFO who will then contact us. But, for example,
2 you might want to go tell the associations that you
3 represent, hey, I was just at the meeting and this is
4 what we were talking about. I mean, certainly that's
5 one of the functions that a representative member
6 plays. Or the SGEs might want to consult colleagues
7 and talk about that.

8 MS. HARRIS: Okay. The last topic is special
9 for the special government employees, this does not
10 apply to the representatives. The topic is financial
11 disclosure reports. If you are a special government
12 employee, you will already have completed a financial
13 disclosure report.

14 I want to encourage you, I want to say make
15 sure that you fill them out completely and get them in,
16 in a timely manner. If you don't fill them out each
17 year, there will be a problem with participating in the
18 work of the committee and attending meetings. So if
19 you have any questions about the financial disclosure
20 report, talk to us. I'd be happy to walk you through
21 it, help you fill it out as much as I can.

22 The reports come to our office for review.
23 And then we will let you know if we have questions once
24 we receive them. Again, that's only for the SGEs.

25 So that concludes the material I had prepared

1 to talk to you about today. Are there any questions
2 for us?

3 (No response.)

4 MS. HARRIS: Okay. Well, if you need to find
5 us, your DFO will know where we are.

6 MS. McKENNA: They have us on speed dial.

7 CHAIR BLASGEN: Thanks very much. We
8 appreciate it.

9 MR. LONG: Just a reminder, the actual DFO for
10 this committee is Rich Boll, whose address and phone
11 numbers you have. And Rich is right there. Rich,
12 wave. That's the DFO.

13 All right. We're going to set up now to make
14 sure we've got the ability -- Sandy Boyson is going to
15 call in for the next segment here. He'll be talking
16 updates on what's going on with the ITDS system and the
17 information and data segment here.

18 (Simultaneous conversation.)

19 MR. LONG: Sandy will be joining us in just a
20 minute.

21 (Pause.)

22 MR. LONG: Let me turn the meeting over to
23 Christine. Say a few words about where we are and set
24 up the discussion to come here.

25

26

1 **INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**
2 **Christine Turner, Director Global Supply Chain**
3 **Security, National Security Council**
4 **White House**

5
6 MS. TURNER: Yeah. Sure.

7 Thank you, first of all, very much, David, for
8 the opportunity to come address you all. We have been
9 working, as I'm sure you know, since February, since
10 the rollout of the President's Executive Order on Trade
11 Facilitation and the International Trade Data System
12 very closely with my colleagues at DHS and throughout
13 the interagency to begin to implement that. So I'll
14 just kind of give you a top line update on where we
15 are, how progressed from the White House perspective
16 and then Christa and Maria Luisa will go into more
17 detail on the CBP and DHS side of it.

18 So, first of all, I think you probably all
19 know and maybe saw and read the Executive Order which
20 my colleague Christa worked very hard on. I'm sure you
21 know her from her time previously and my role at the
22 White House.

23 So this was obviously something that's been in
24 the works for a very, very long time, as many of you
25 know better than I do. And we were thrilled to finally

1 be able to roll this out. And frankly we held it
2 actually for a couple weeks, a little while, to be able
3 to roll it out at the North American Leader Summit in
4 February which the President went down to Mexico and
5 attended with his counterparts from Mexico and Canada.

6 And we did that very specifically to really highlight
7 the importance of this issue in our international
8 engagements, in our American competitiveness work, and
9 in the importance of it to our trade agenda.

10 So I think it was really terrific that we were
11 able to highlight it in that forum from the President.

12 There's a great picture of him actually signing the
13 Executive Order on Air Force One, you know, while he
14 was on his way down there. And so, you know, we were
15 really thrilled from the White House perspective that
16 we were able to do it in that form and that venue.

17 I think, you know, it really underscores the
18 importance that many offices of the White House were
19 involved in this, certainly not just the National
20 Security Council. The National Economic Council,
21 Office of Budget and Management, and a number of folks
22 around the West Wing. And frankly this had a lot of
23 high-level attention and eyes on it. And people were
24 really excited about this. Part of the President's
25 work in his second term on management -- his management

1 agenda, in terms of doing, you know, government work
2 better, better servicing our customers and citizens in
3 the U.S. and really the tie in to American
4 competitiveness and all of the issues surrounding trade
5 facilitation, ITDS, supply chain work and how that
6 really feeds into the focus on increasing American
7 competitiveness.

8 So, again, I mean, I wanted to underscore and
9 really say to you, thank you very much for all of your
10 work that you guys have continued to do for quite a
11 while before this and leading up and then now after.
12 We've actually got the Executive Order out. You know,
13 I think sometimes it's not always easy to see the
14 connection. I just wanted to underscore for you that
15 this really had a lot of focus and attention when it
16 was rolled out and since then.

17 And so your work, work with the committee and
18 your continued work going forward with us is very
19 important. And I also underscore what Rick said
20 earlier, very invaluable. And thank you for everything
21 that you continue to do and I think it's -- you know,
22 from my perspective being a director of global supply
23 chain security at the White House, you know, really
24 kind of an interesting and good time to be working on
25 these issues. And this also comes, as you know, on the

1 heels of the WTO agreement and -- so there's just a lot
2 of high-level focus on this. So I wanted to just
3 convey that.

4 And secondly, you know, this also was rolled
5 out a couple weeks ago by Secretary Pritzger and she
6 rolled out the National Expert Initiative Next which is
7 the next iteration of the National Expert Initiative.
8 And the ITDS system and this Executive Order was one of
9 the pillars, one of the five pillars of that strategy.

10 So we were also very pleased to see it included there.

11 And, again, just kind of underscoring how this really
12 ties into a lot of different elements that have
13 visibility right now.

14 And, so, you know, in that vein I would say
15 that we really view this not just as a technical data
16 system, but if you really look at the Executive Order,
17 it's very much about broader issues. It's about how we
18 think about the policy around these issues, it's about
19 getting at streamlining our entire approach to trade
20 facilitation, to movement of goods at our borders.
21 It's about -- it ties into what we're doing in the
22 Mexico and Canada contexts with beyond the boarder and
23 21st Century boarder.

24 So certainly the technological system is sort
25 of fundamental to it. But really the Executive Order

1 is much broader about policy issues and how can we
2 challenge ourselves to look at where we need to reform
3 government activity so that we're really in the 21st
4 Century and we're really looking at what are we going
5 to need in 20 or 30 years. And that's where you guys
6 are key and that's where our partnerships with the
7 private sector is really key. And we need to hear from
8 you, and I know we certainly have, and I would just
9 encourage us to continue to look, you know, at the
10 bigger picture and forward and not just be -- certainly
11 it's easy to get bogged down in some of the weeds and I
12 certainly spend time on some of these very specific
13 problems and challenges and, you know, pest issues, or
14 whatever might be the issue of the day.

15 But, you know, really important to continue to
16 challenge ourselves to say, well, if we're going to be
17 world leaders and continue that, what do we need to set
18 up for 20 or 30 years down the road? So please tell
19 us.

20 My job at the White House is to corral all of
21 our interagency partners on this and we are certainly
22 working closely, not just with DHS, but with over 42 or
23 3 government agencies. And we've done a lot of work,
24 very frankly, in the last -- you know, since the
25 rollout of the Executive Order in February -- so four

1 months, really elevating this to Deputy Secretary
2 level. So that we've made it something that folks in
3 HHS or USDA or -- you know, pick your department
4 around, you know, DOD, State Department, so we've
5 really done a lot of work to bring it up out of a
6 specific office or a director at a bureau that it may
7 have sort of naturally been housed at and really raised
8 it up to leadership levels.

9 And then I've done a lot of those
10 conversations with ACE and at the NSC and NEC to do
11 that. And so, just again underscoring the level of
12 importance that we see this, there are a lot of eyes on
13 this, a lot of eyes on the success of this over the
14 next two and a half years. And so we're really focused
15 on, you know, the longer-term vision, the bigger vision
16 of where do we need to be tackling some really, really
17 tough issues, really philosophical difference that we
18 may have between different Departments, or within our
19 own government or international governments, to do
20 things. And how are we going to be working with them
21 to create some interoperability here or to create a
22 perimeter approach. So a lot of different issues going
23 on and a lot of sort of up and down and across the
24 board interactions on that.

25 So, you know, I would just kind of flow

1 through and go into more details and we're certainly
2 happy to take questions. But, again, thank you very
3 much for all of your work and we're really excited
4 about continuing to implement this over the next two
5 and a half years and it's certainly going to mean lot
6 of partnership.

7 I'm sure that my colleagues will talk about
8 what one of the keys issues is obviously going to be
9 both our pilots and then, of course, having private
10 industry, you know, get on board and start actually
11 using it. And we are doing that on a very small scale
12 right now, but looking to ramp that out fairly
13 significantly soon so that we're not back loading this
14 all until the fall of 2016.

15 So we're going to need your help on that and
16 happy to continue the conversation. Thanks.

17 MR. LONG: Let me interrupt the flow for one
18 second. We have two people have joined us on the call.
19 Can we identify them, please?

20 MR. BOYSON: This is Sandy Boyson. Hi.

21 MR. LONG: Hey, terrific, glad you could make
22 it? Can you hear everything okay?

23 MR. BOYSON: Yeah, I'm fine. Thank you.

24 MR. LONG: Excellent. All right. We're in
25 the middle of hearing from the White House and DHS

1 about state of play and ITDS. So we'll continue with
2 that and then come back shortly.

3 Okay. And before we do that, let me also
4 introduce two of our colleagues from ITA. Christine
5 mentioned some of the international activity going on
6 with this.

7 Maria Cameron, who runs our Brazil office has
8 been in touch with the Brazilian government which is
9 heavily engaged in the same set of issues we are.
10 There appear to be some very good opportunities to
11 elaborate and shape the programs and move toward
12 interoperability there. And I think you know Pat
13 Kerwin from previous encounters here for the Trade
14 Policy and Coordinating Committee beginner agency group
15 of all the trade agencies, also flagged in the external
16 engagement.

17 Let me continue and toss it to Christa next.
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INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**Christa Brzozowski****Office of Policy, Department of Homeland Security**

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5 MS. BRZOWSKI: Great. Well, first, thanks
6 for the invite. I've always wanted to come to one of
7 these meetings ever since I good stood up. So happy to
8 be here.

9 Again, that's Christa Brzozowski, I'm from the
10 Department of Homeland S ecurity. Had previously
11 worked in Christine's capacity at the National Security
12 Council and thought that once the Executive Order came
13 out that my job would be done and I realized it
14 actually just began. Sometimes wonder what we've
15 created here. We lament our great ideas at some point.

16 So I say that partly in jest because the
17 Executive Order I think was really helpful for DHS and
18 for the whole array. There's 47 different agencies out
19 there that have equities in sort of data exchanges
20 about goods coming into or out of the country. And we
21 were at a point where everyone thought it was a good
22 idea. The money finally was available and there and it
23 still sort of wasn't getting the traction it needed to.

24 And so it was at a point of, are we going down the
25 completely wrong path or are we going down the right

1 path and we just need to ratchet up the engagement.
2 And we decided, of course, on the latter and really
3 ratcheted up the engagement by getting the President
4 behind it in an Executive Order that came out months
5 after Healthcare.com.

6 So I say that as showing that there was a huge
7 amount of commitment, interest, and high-level
8 engagement, lots of decisions and discussions about
9 whether this was the appropriate time and the
10 appropriate mechanism for an Executive Order tying the
11 President's name to a deadline on sort of a large IT
12 project requiring a huge amount of engagement and
13 participation beyond just one agency and including the
14 private sector.

15 So, yes, definitely a lot of eyes on the
16 development of this project. But I think that the key
17 points I would like to reiterate and build on from
18 Christine is that it's the system itself, the single
19 window system, is really an enabler. It's not the
20 solution. And so what we've tried to do with the
21 Executive Order and the work that I'm working on with
22 others and CVP and across inter-agency is create a
23 policy board. We call it the Border Interagency
24 Executive Committee or the BIEC that does not
25 necessarily focus in on the technical aspects. There

1 is a whole group, the ITDS Board of Directors that's
2 really figuring out what nuts and what bolts and kind
3 of the technical language that the system needs to
4 speak. And they need to focus on that.

5 What the BIEC has envisioned is more of a
6 high-level deputies or sort of senior leadership at the
7 Department level and a policy strategic leadership type
8 body. We're really looking to figure out how to cut
9 the bureaucratic red tape so that we don't just
10 automate current processes through the single window,
11 but rather could have come up with new ways to really
12 get exponential benefits from the single window which
13 might require culture shifts, different perspectives,
14 different philosophies.

15 And so our emphasis is sort of twofold. One,
16 to reduce supply chain barriers. I know that's a
17 gigantic thing and can be measured in millions of ways.

18 And that's actually one of our problems that I'll
19 speak about in a second.

20 We're focusing initially on the processes at
21 the border. We'll be looking at how those agencies
22 that have hold authorities or can stop goods at the
23 border could better interact, could better orchestrate
24 sort of how they're looking at the data, and in the
25 mindsets they bring as they look at the data and make

1 decisions, both for imports and exports. So reducing
2 the supply chain barrier while at the same time sort of
3 strengthening our ability to enforce laws, trade laws,
4 safety laws.

5 MR. LONG: Let me interrupt just one second.

6 MS. BRZOZOWSKI: Sure. Please.

7 MR. LONG: Sandy, can you hear us?

8 (No response.)

9 MR. LONG: Sandy?

10 MR. BOYSON: Yeah.

11 MR. LONG: Yeah. Could you respond and say a
12 few words about some of the new information you're
13 bringing to the discussion? He's leaving, he's trying
14 to catch an airplane.

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1 **INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**

2 **Sandor Boyson**

3 **Subcommittee Chair, IT&Data**

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5 MR. BOYSON: Can you hear me okay?

6 MR. LONG: Yeah, you're coming through great.

7 MR. BOYSON: I'm at the Vancouver, Canada
8 airport so I -- just a sound check here.

9 Can you folks hear okay, David?

10 MR. LONG: Yeah, everything is great.

11 MR. BOYSON: Okay. Great. Well, a warm
12 welcome to the new members of the advisory committee
13 and to our own new members and the ITDS subcommittee.

14 Last year I think our subcommittee, with the
15 support of excellent staff had a productive round
16 regarding the ways to promote the accelerated
17 development of ITDS and practices. This year we'd like
18 to continue to encourage the U.S. Government to test
19 their proposed ITDS program and using real company data
20 as early as possible to ensure a more successful
21 outcome of the single window initiative.

22 Our subcommittee is also interested in
23 developing recommendations that might be useful in
24 promoting acceleration of communications and
25 strengthening the coordination mechanisms between U.S.,

1 Canada, and Mexico -- and streamlined single window
2 systems for North America as a whole. And toward that
3 end we have over the last couple of months conducted
4 some very preliminary baseline research. We prepared
5 an initial brief on the status of the three national
6 systems and the status of current planning activities
7 as best as we understand it between the three
8 countries.

9 We hope to focus next on the review of the
10 experiences of two sectors in particular, the auto and
11 energy industries in moving products across borders.
12 And in particular these two sectors -- their volume of
13 trade and the importance to the overall timing. We
14 hope that these inquiries can help us expose some
15 lessons learned that might inform the subcommittee's
16 work in further recommendations.

17 Looking a little bit further out, obviously
18 we're aware of the importance of other zones of
19 economic consequence identified by the President,
20 namely Asia and the transpacific partnership. Both
21 from my own visits and research onsite in Singapore,
22 and because of staff of the advisory committee visits,
23 we are very aware that Singapore is seeking to expand
24 out its own single window system called Trade Net as
25 the operational platform for free trade across the

1 ASEAN region. And obviously the U.S. system would need
2 to interoperate as seamlessly as possible with whatever
3 platform finally emerges from the different technology
4 pilots that are being conducted currently in ASEAN.

5 So, in conclusion, let me first of all, again,
6 thank the staff for helping us in the subcommittee.
7 Welcoming our new members. And we want to be as useful
8 as possible and, of course, given the expertise among
9 the federal industry experts here today, I welcome any
10 feedback and further guidance. Thank you, David.

11 MR. LONG: You're welcome. Thank you.

12 MS. RUIZ: So, David, he said they were
13 looking at two sectors, auto, and what was the second
14 sector?

15 MR. LONG: Energy.

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INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**Christa Brzozowski (Continuing)****Office of Policy, Department of Homeland Security**

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5 MS. BRZOWSKI: Yeah. Thank you. I think
6 Maria Luisa will speak to some of what we're doing to
7 ensure interoperability or look towards
8 interoperability in the future. But maybe let me go
9 back a bit on some of the areas that we focused on
10 initially under the BIEC and where we are in that
11 group.

12 Again, as I said, senior level management,
13 we've met three times. The first were organizational,
14 if you will, trying to figure out what it was we wanted
15 to do and how we wanted to structure ourselves.

16 We've divided into three committees, one
17 dealing with process coordination, really sort of that
18 orchestration of stock moving across borders. A risk
19 management committee, again, on how you identify stock
20 that might warrant additional inspection or scrutiny at
21 the border and access to and sharing of this
22 information which is, of course, very sensitive.

23 And then third, an external engagement
24 realizing that it's outside stakeholders, outside
25 government -- folks that are outside the government,

1 key stakeholders here. So, that, of course, includes
2 industry and foreign governments and other regional
3 associations.

4 Some of the areas that we've initially started
5 working on and this is where I think you're continued
6 engagement and guidance and input would be really
7 valuable is on helping us identify some of these big
8 strategic problems or friction points or opportunities,
9 frankly.

10 We've really focused on risk management as
11 kind of a critical dependency. We need to get this
12 right before we're able to move on to other things.
13 And what we mean by that is an early realization that
14 not every agency perceives that in the same way, what
15 is risk management? How do you target goods? Do you
16 look at a company as an account, or do you look at each
17 shipment on sort of a transactional basis? And what
18 does that mean for clearing goods at the border and
19 being able to really focus resources and time and
20 effort on things that really need that additional level
21 of scrutiny.

22 We've also looked at trying to figure out the
23 the pain points and the opportunities, as I said, at
24 that border processes.

25 My analogy here is that when you're looking

1 across sort of 47 different agencies and you've got a
2 mix of people from technical levels to operators to
3 policy folks, is that it's unclear sometimes whether
4 we're just picking up a rock because it's a rock that
5 we came across first or whether it's a really important
6 rock that we need to get out of the road. Or frankly
7 whether we're looking down and picking up rocks, but
8 we're on the completely wrong road.

9 So, are we focusing on the right kinds of
10 issues? Are we dealing with things just because
11 someone brought it up and it seems to be sort of low-
12 hanging fruit that might be able to be resolved. But
13 we really want to try to keep our eyes up a little bit.

14 Leave the operational and sort of the technical things
15 to the departments and agencies that have that
16 expertise unless it's something that really is
17 indicative of a larger strategic kind of mindset
18 problem or philosophy problem.

19 And we've sort of found a couple of those, as
20 I said, around the risk management, around the account-
21 based versus transactional-based perspectives that the
22 agencies have as well as partnership programs, the
23 reliance or not on public/private partnership programs
24 and how different agencies do or do not rely on that
25 and how that could or could not expedite trade at the

1 border.

2 And a final thing that I would ask you to kind
3 of keep in mind as you continue to engage with us is
4 sort of metrics. I mean, one of the things we're
5 challenging ourselves with is to understand where we
6 are now and be that the time it takes to get goods
7 across the border; it may be commodity specific, it may
8 be industry specific, it may be location specific, and
9 being able to measure that a year from now, or two
10 years from now, or the costs it takes to do this. Or
11 both for the U.S. Government as well as for industry.
12 And I think that that's going to be a key indicator
13 both as we continue to report to the White House and to
14 OMB, frankly, as well as to our own leadership of
15 whether we're moving in the right direction and this is
16 a useful endeavor.

17 So, with that, I turn it over to Maria Luisa,
18 but thank you again for the opportunity to be here
19 today.

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1 **INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS**

2 **Maria Luisa Boyce**

3 **Senior Advisor for Private Sector Engagement, CBP**

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5 MS. BOYCE: Thank you so much, Christa. And
6 thank you for the invitation. It is really a pleasure
7 to be here with you today. David speaks very highly of
8 the whole group so that you know that in case your ears
9 were ringing, it's the good things that he's been
10 talking about.

11 I'm very happy to be here and following
12 Christine and Christa that without their leadership and
13 their work we wouldn't be talking about this topic
14 today. So I do want to thank them publicly. Believe
15 me, it is not an eight-hour day job. It's 12, 14
16 hours, so thank you to both of you for all the
17 leadership that you have taken.

18 So when David invited me to come here I was
19 very excited because some of your members also sit on
20 my advisory committee. I do have recognize them
21 because if not, I will hear about it afterwards. So,
22 Ms. Liz Shaver and Mr. Brandon Fried, thank you, nice
23 to see you guys.

24 Now, I have to talk about Tiffany a little bit
25 because we knew each other like 20 years ago, and, yes,

1 I was only five.

2 (Laughter.)

3 MS. BOYCE: We met in the playground.

4 (Laughter.)

5 MS. BOYCE: When I was -- before I joined CBP
6 I was head of the Board of Trade Alliance and Tiffany
7 and I were just two very, very young kids that decided
8 to talk of trade because that is important. We're
9 talking about trade and how do we make NAFTA better and
10 Tiffany had this crazy idea about a North American
11 super highway coalition and we partnered and we spend a
12 lot of time in Dallas and Kansas which is not at the
13 border, but we're talking about trade and the flow of
14 cargo. So it's very nice to see you, Tiffany.

15 And so now today I'm on the other side of the
16 table, I'm with U.S. Customs and Border Protection and
17 I oversee our engagement with industry and private
18 sector for the Commissioner. And I oversee our Office
19 of Trade Relations, so we have our FACA committees, I
20 have two, one on user fees and another one on
21 commercial operations that focuses on cargo.

22 And as I'm listening to Christine and Christa
23 when the Executive Order came out, for us at CBP it was
24 like a huge -- it was like a big deal. I'm a trade
25 junky. I should have clarified that at the beginning.

1 (Laughter.)

2 MS. BOYCE: This is a big deal because finally
3 we had a deadline. The same framework of -- single
4 window. But there is no date on it. Now, this one we
5 have December 2016.

6 CBP is responsible for the building of the
7 system, the IT system and so we work very close, of
8 course, with the ITDS board supporting that part. But
9 very important for us, we have these two numbers very
10 much tattooed and we change them on our hands about how
11 much impact we have on the flow of goods imports and
12 exports. So last year we cleared \$2.4 trillion in
13 imports and \$1.9 trillion in goods. I'm not including
14 services. So I know this is the export world, so don't
15 quote me on that number for the service side.

16 But we cleared them and any process that we
17 do, if we don't do it efficiently, we do get a phone
18 call right away, whether it be from you guys, from the
19 industry, or from members of Congress. CBP is not
20 moving the cargo, what's going on? And so for us, it's
21 very important. This work that we're doing means the
22 difference between doing a good job or a bad job.

23 We know first are security and safety of the
24 nation. That the economy of the country relies on us
25 and every delay that we have has an impact on the

1 economy. So we're very conscious about it. So I do
2 want you to know that does keep us awake at night
3 making certain that we make it happen.

4 I was very interested to hear Mr. Boyson's
5 comments on what the committee is working on. And so
6 today I wanted to briefly compliment on what was said
7 before, the international aspect. You brought out a
8 question of how do we make certain we work together.
9 And my colleague who is Brenda Smith, she oversees the
10 ACE implementation. And so one of the things that does
11 keep her up at night, I always joke with her, is -- so
12 we build a single window and then the single window can
13 talk to other single windows because then we are in
14 trouble.

15 Is there media in the room? It is public, of
16 course, I know. I'm sorry. So I won't say on the
17 record. But that worries us a lot because if we cannot
18 talk to each other, then what is the use for you guys
19 -- and my members, they're very effective communicators
20 in letting me know that industry does business with 120
21 countries, not only with one or two or three, they're
22 moving everywhere. So those single windows have to
23 talk to each other. So that is something that has been
24 brought up very much to the attention by Ms. Turner, by
25 Ms. Brzozowski to make certain that we're having that

1 international.

2 So imagine this plane is moving, right, and we
3 have to build with the other government agencies and at
4 the same time we have to talk with the other
5 governments as the plane is flying. So it's fun. I
6 mean, there's never a dull moment at work. And so one
7 of the things that we're working, as we discussed with
8 Mexico and Canada, we represent the government at the
9 World Customs Organization, WCO, and so any data
10 elements that we are working on, we are making certain
11 that they are under the framework of the WCO standards.

12 And that's very important. As we're sitting down to a
13 nitty gritty or you go to negotiations and you use the
14 words harmonize and all of that elements Oh, my gosh,
15 that's a lot of work, because words mean different
16 things in different countries.

17 And so what we are focusing on is making
18 certain that those data elements are within the
19 standards of the WCO. When we're having the
20 conversations with Mexico and Canada, that is what
21 we're also focusing on. Of course, Mexico has already
22 built a single window. They are ahead from Canada and
23 Mexico. They still have challenges, of course, that
24 they need to face. And so we are having those
25 conversations. I would love to have your input on that

1 part and definitely if we can coordinate that part of
2 what your committee is doing and any information, is
3 important.

4 I was mentioning to Ms. Turner and Ms.
5 Brzozowski that one of the things that we love to also
6 keep in mind as we're having the international
7 engagement is input from you guys, from industry,
8 because you're seeing it from the outside, right? What
9 we're building and how we're talking, and you have to
10 build the systems. We have one member -- they have to
11 build how many systems to communicate to how many
12 countries. And so if it is the -- her panacea is file
13 once and that's it. And use many times. File once
14 with one government and use many times throughout the
15 global supply chain. That's the ultimate goal ideally
16 when we have that single window.

17 So definitely one of the priorities that we're
18 looking at as the plane is moving and we're talking to
19 the other government agencies. So one has attained
20 that but I definitely would love to partner and have
21 your input from that side. And hopefully our advisory
22 committees can leverage the information that you both
23 have from that part.

24 The second element I wanted to mention is --
25 to what was mentioned earlier -- is what are we doing

1 with the other government agencies, with the one-use
2 government approach. And so from a CBP perspective, of
3 course, we have the system. We have had to develop by
4 nature of what we do because, as we know, 100 percent
5 scanning is a challenge. Checking 100 percent
6 everything is something that we have always looked from
7 the perspective, how do we do that risk management?
8 What Ms. Brzozowski was mentioning, the risk
9 management, how do we partner with the industry? And
10 we collaborate so that we can do in advance, get
11 information, do the risk assessment, and therefore have
12 the less impact, the negative impact on the flow of
13 commerce and focus on those that are not doing the
14 right thing, that are trying to break the law.

15 So our work that we do with the other
16 government agencies is very important. We announced
17 one of the pilots that we're working on is a workgroup
18 with the FDA and find out -- focusing on some of the
19 challenges that FDA is facing. How do we work together
20 with CBP and with industry and engage that way. So
21 that's one of the areas that we're doing under our
22 advisory committee with co-op.

23 The bigger picture, as it was mentioned, is to
24 find out do we need to automate all the forms? Do we
25 need to change the process? Do we need to identify

1 what data elements do we really need and those that are
2 no longer needed? So those are the type of things that
3 we are discussing and we definitely are committed to
4 Mr. Long to be able to communicate and provide you with
5 briefings on that area.

6 Last, but not least, very important for us is
7 the engagement. So Mr. Long and I oversee it with -- I
8 oversee the import subcommittee of the external
9 stakeholder engagement committee and Mr. Long oversees
10 the export side and Ann Dakota (Phonetic) here from the
11 Department of Commerce leads that. The engagement is
12 going to be very important. Let it be through our FACA
13 committees, let it be through associations or through
14 companies because Christine and Christa do a very good
15 job of telling us everything and make certain that we
16 have that transparency and that input from you guys.
17 And, so that is something that is going to create more
18 homework for you guys, but I know this is why you
19 signed up to be here; right? We're all trade junkies
20 and we're all very excited about -- no?

21 (Laughter.)

22 MS. BOYCE: You all have coffee; right? But
23 anyway, maybe more important the World Soccer Cup
24 starts in a few days so we should all be very excited
25 and support, of course, United States and then

1 Colombia.

2 (Laughter.)

3 MS. BOYCE: And Brazil. Yes, I have to say
4 Brazil. Anyway, going back, but the input from you
5 guys is going to be very important. How can we
6 leverage your know, what is being done by co-op.
7 Please take advantage of the two members that you have
8 here that sit also on our advisory committee and Norm
9 sits on the User Fee Advisory Committee. So, please,
10 how can we leverage?

11 So, I'll stop there. As you can tell, I get
12 very excited about this topic. But really a pleasure
13 to meet you all and congratulations on being on this
14 committee.

15 MR. LONG: Let me just add something. Are you
16 still there, Sandy?

17 MR. BOYSON: Yeah, I am. Yes.

18 MR. LONG: Reactions, thoughts how this might
19 affect, say, thinking about North America for single
20 window or state of research? What would you say on
21 that?

22 MR. BOYSON: Well, I think the issue of risk
23 management is very, very important. I think it's
24 something that the subcommittee should probably take a
25 closer look at and I don't mean on the system side, but

1 sort of coordinating use across -- you know, how the
2 different countries systems view risk, I think is a
3 really good area for the subcommittee to explore and I
4 appreciate that suggestion.

5 MR. LONG: Do you have information on that
6 from, say the Singaporean example already that can be
7 usefully shared or what?

8 MR. BOYSON: Well, they've done a lot of work
9 systems risk management. So, for example, they had
10 very brisk system upgrade. They don't do it as
11 frequently as one might assume only because they think
12 it has a surprise factor that could be detrimental for
13 the private sector. So upgrades are done with a lot of
14 advance notice to both industry and government by the
15 third-party contractor that manages the system for
16 Singaporean Government. So that's one example of how
17 they're very, very careful about injecting surprises
18 into the system that can lead to a risk.

19 So that's one area that we definitely need to
20 take a further look at and I think the subcommittee is
21 set to have discussions when we have our subcommittee
22 meeting that I believe will be next week.

23 MR. LONG: Outstanding. Let me add a couple
24 thoughts about the relationship of the committee here
25 to the larger process too. I thank everyone for the

1 gracious comments about it.

2 In terms of the border interagency executive
3 committee, sort of the management body for the ITDS
4 program, three groups were identified to sort of the
5 designated advisory committees to contribute to this,
6 especially from the external relations side of this.
7 One is the co-actives that Maria Luisa already
8 mentioned. I think everyone is familiar with that.

9 A second is the trade policy coordinating
10 group that Pat Kerwin heads for us here. This touches
11 all the trade agencies and their interrelationships.
12 And the third one is this committee here. So one of
13 the things that will be coming as we get into this is,
14 first of all, this committee has a built-in continuing
15 role in implementing the ITDS program. So the work we
16 do on this is going to be fed directly into the system.

17 It's a venue to get all the questions from the
18 government side we can think of that require a really
19 serious private sector look through the FACA world.
20 It's also, I think, a chance for us to use our contacts
21 and identify the other companies, associations and
22 places we should be looking for information.

23 Because part of it is going to be building out
24 sort of a two-way dialogue with the private sector on,
25 you know, there will be information that we need to get

1 into everyone's hands for a response or for activity.
2 And just the same way, there will be the things that
3 this committee and all the other parts of industry
4 think should be fed into the system to make it run. So
5 this is a real opportunity to do that. And I think
6 it's going to be especially urgent that we start
7 looking at the broader implementation, not just of
8 ITDS, but to focus on North America generally as a
9 trade priority.

10 Christa, Christine, thoughts on sort of where
11 we're headed in North America, or are we at a point
12 where it's reasonable to talk about that? How do you
13 see that shaping?

14 MS. TURNER: Yeah. I mean, so it's part of
15 all of our conversations with that which are frequent.
16 And, we sort of have to get our house in order. I
17 think that we're far enough along to figure out where
18 the connection points are. But it's as Maria Luisa
19 said, always part of the conversation and something
20 that there's just a tremendous appetite for. And I
21 would say also in Central America and South America as
22 well, in the hemisphere. So there's a lot of activity
23 going on.

24 The Organization of American States and the
25 American Development Bank are funding a lot of work on

1 single windows throughout the hemisphere. And frankly
2 those countries are looking to how we are. So they are
3 following very closely the updates that we have and
4 where we are with each stage of things. So, you know,
5 different people are doing different models in terms of
6 how they contract it out or set it up or do the fees.
7 But, in general, you know, I just think there's a lot
8 of appetite and there's a lot of recognition that this
9 is where we're going.

10 MS. BRZOZOWSKI: This is Christa and I'll jump
11 in on that as well. I mean, I think there's a tension
12 here right. You've got a limited group of folks that
13 are building the system and that is more than a full-
14 time job. It's engagement on, as I said, with 47
15 different agencies and within those agencies different
16 program offices and different data needs, while trying
17 to not just automate what we have now and be innovate
18 and think creatively, so that's a lot of work. And
19 asking that group of people to then also be available
20 as experts for discussions with different foreign
21 governments that are also interested in understanding
22 what the United States is doing when we're trying to
23 figure out what we're doing ourselves, it's a tough
24 job. But we're trying to strike that balance between
25 the focusing on what we need to do internally, but

1 keeping an eye on what's happening globally, so that we
2 don't come to that point where, you know, our
3 Transcontinental railroads don't meet up in the middle.
4 And that's a tough thing.

5 So I think our top line message is, you know,
6 the WCO dataset or the elements that those folks are
7 sort of promulgating as where we're trying to be in
8 alignment with, and use that organization and other
9 sort of global dialogues to have those discussions
10 about what harmonization means.

11 But frankly there's got to be more detailed
12 conversations with folks like Singapore, like the EU,
13 like Canada and Mexico that either have single windows,
14 or are building them and are sort of critical trade
15 partners that we need to get it right with them. So
16 prioritizing those conversations and that dialogue, and
17 getting our minds around what are we trying to
18 harmonize, the actual data requirements, the technical
19 language that we're all to speak, putting information
20 into sort of a common repository where it will be
21 accessible to all.

22 I mean, even the models of a single window are
23 -- there's different ways to think about a single
24 window. And the models are different across economies.

25 And kind of getting your hands around who's thinking

1 in what way, it doesn't mean the same thing to everyone
2 when you say "single window". And so I think just
3 having that conversation is going to be really useful.

4 But also, there are some specific -- I think the
5 assessments that Sandy mentioned on the comparison of
6 where the U.S. versus Canada versus Mexico are, you
7 know, would be very valuable to us. I think we have
8 our own sense of that, but often our sense is not as
9 detailed and informed by such a -- resources. So that
10 type of thing would be helpful.

11 And then, opportunities to really model what
12 -- I think Singapore and what they're doing with the
13 ASEAN countries with Trade Net is going to be sort of a
14 regional development. And to the extent that we want
15 to model or learn best practices about that and do that
16 in our hemisphere is something that we're very
17 interested in as well.

18 MR. LONG: Could you say a few words about the
19 development of this relationship with Canada? I
20 understand it's way different than with some other
21 countries.

22 MS. BRZOZOWSKI: I'll start and then maybe you
23 guys can jump in. I mean, clearly this had been
24 ongoing with Canada under an initiative called "Beyond
25 the Border Initiative" which was a Presidential level

1 initiative in 2010, I think it started. Where we had
2 understood the value of having systems that would be
3 compatible if not for the same system. And so that was
4 one of the activities that we had challenged ourselves
5 to work towards for several years now focused on sort
6 of a sunset of the data elements that would be helpful
7 for security purposes. We're looking to now expand
8 that to sort of all data element, both for security as
9 well as broader trade issues. But the Canadians, you
10 know, to the extent that they get their system up and
11 running, and it mirrors ours, and we include Mexico as
12 well, I think that's where we are potentially to that
13 longer-term concept of does your export become my
14 import. Is the data harmonized to that extent?

15 So the steps here in a way are a comparison
16 and then potentially a harmonization of data. And then
17 sort of a single integrated set of data. But to the
18 extent that we can skip some of these steps, we don't
19 know yet. But that's sort of the iterative process
20 that we're looking at right now.

21 MS. BOYCE: Just to compliment on that.
22 There's a key word that we cannot forget and it's
23 "budget" and money and I think that always goes out on
24 the business part. But from a Canadian perspective,
25 they also have -- they're dealing with that

1 conversation right now and that's where it becomes very
2 important for us to have the -- follow the WCO
3 standards because even if they have the money maybe to
4 build some pieces later on, we're still going to be
5 inoperable, yes, and be able to coordinate and
6 communicate with each other.

7 So we're having the conversations and we're
8 being practical in our approach. So CBP changed the
9 way we were building our window to what Chris, I think,
10 said very nicely on how, yes, no, is it worth it, keep
11 going, and we decided to keep going because we changed
12 to an agile system by models rather than building the
13 whole house, we want to build the pieces, rooms that we
14 can use already as we are launching them. And that's,
15 I think, the concept of the single window that is going
16 to help us get to that point and be able to connect
17 them with our partners with Canada and Mexico. While
18 we're having the discussion, there's engagement
19 monthly, if not every other week between CBP and Canada
20 and the federal government from other perspectives.

21 So one of the things that we have found out in
22 single window, had the opportunity of partnering with
23 the Department of Commerce to be in the Uruguay, Peru
24 and Santo Domingo as they're having -- and the
25 Dominican Republic -- as they're having the discussions

1 of the single window, one of the challenges in some of
2 those countries is who has the lead of building the
3 single window. So in the country where customs is the
4 lead to build the single window, it seems to be easier
5 in a way because they understand the process of moving
6 goods in and out.

7 In other countries you have the lead by the
8 ministry of economy. And that is causing some
9 challenges because then there's not an understanding of
10 the daily operations of the back and forth and there
11 hasn't been an Executive Order or the President saying,
12 in some countries, you do it. Everybody has to play.
13 And so that really is very interesting conversation.
14 We're hoping to facilitate the dialogue for all of us
15 to learn what can be lessons learned and what can be
16 work.

17 MR. LONG: Questions, comments, reactions?
18 Jump in.

19 MS. STRAUSS-WIEDER: Hi, Anne Strauss-Wieder.
20 It's phenomenal particularly talking about trade to
21 talk about creating the fluid borders. One question I
22 have is when a disruption occurs, so an area is taken
23 off line, and particularly during peak shipping season,
24 the goods are going to surge someplace else. If
25 they've been coded to come through one customs

1 district, they may wind up having -- those vessels have
2 been diverted, go to another customs district. Can
3 flexibility be built into the system both in terms of
4 the information technologies and in terms of the
5 personnel to handle that type of resiliency situation?

6 MS. BOYCE: Definitely. And if I may answer
7 to that question. We have learned a lot of lessons the
8 past two years through Sandy, through strikes, through
9 other situations. And actually, I want to tell you
10 that building the single window will make it easier on
11 that process to be more flexible because you have the
12 information now in line. And we have very much worked
13 very closely with the industry. When we see anything
14 that is going to come to have the flexibility to make
15 those changes.

16 Of course, you have certain laws that are
17 triggered, right, that you have to be very careful on
18 how you change it. Having Ms. Brzozowski at the
19 Department -- because that helps us coordinate with the
20 Department, certain laws that have to be accepted by
21 the Secretary and come down to the agency. But we're
22 building that flexibility and having information in the
23 system will make it easier.

24 But very good point.

25 David, may I ask the group, can I leave them a

1 homework to do?

2 MR. LONG: Please.

3 MS. BOYCE: We need FAQs. Can you --
4 actually, from our perspective, if you have questions,
5 when you hear the words "single window" for imports and
6 exports, I would love to hear from your -- if that's
7 okay -- I love giving homework. It's terrible. But if
8 you can give us -- you can ask Brandon and Liz --
9 they're trained for this, but if you can give us FAQs
10 that you have from your different perspectives, that
11 will help us very much because we're building this
12 communication piece. And definitely hearing from you
13 will give us a good idea of how to address some of
14 those questions.

15 CHAIR BLASGEN: So questions that we have from
16 different industries on --

17 MS. BOYCE: Yes, definitely. Everything.

18 MR. LONG: What are the questions you're
19 hearing? A lot of them come up over and over again.

20 MS. BOYCE: Yes.

21 MR. LONG: We're trying to get together
22 libraries of all the FAQs, standardize the messaging
23 for this, make sure the people have the right
24 information. And the kinds of things you're hearing in
25 your company with your client, whoever you work with,

1 what are people asking? That's what we need to build
2 into the system. That will be a huge thing.

3 MR. CARTER: Good morning, Carl Carter. Two
4 areas of interest when you start talking about a single
5 window process or concept, one business continuity and
6 also cyber attacks.

7 MS. BOYCE: Yes.

8 MR. CARTER: Are those areas that you guys are
9 also looking at?

10 MS. BOYCE: Daily. Hourly. Definitely. So
11 let me give you the micro and maybe Chris and Christine
12 can give you more the macro perspective. From a CBP
13 perspective, we are concerned about it every minute of
14 what we are working on. So business continuity, we are
15 working close with industry, let it be through our
16 advisory committee or through different industry groups
17 to have a plan ready for business continuity down to
18 the communication. If something happens, then who and
19 how do we send it to, and each port entry. We have 329
20 ports of entry. They have it locally and at the macro
21 level.

22 Definitely if this is something of your
23 interest, I can coordinate with Mr. Long to provide you
24 more information about it if you can give us that part.

25 Because we don't want to be in that situation where if

1 something happens then we're not able to respond.

2 I think there's a storm happening outside. It
3 looks very gray.

4 The cyber security, that is something that is
5 very, very close and dear to the heart of the
6 Department of Homeland Security. From a CBP
7 perspective imagine all of the data that we handle from
8 all of you guys, from businesses. And so that is
9 something that we are constantly strengthening our
10 system and making certain that we are protected.

11 I don't know, Chris if you or Christine want
12 to --

13 MS. TURNER: I would just say on the cyber
14 security the IT piece, we've actually had the head of
15 IT at the White House go over and meet with the ITDS
16 team. And one of the key issues that they are, of
17 course, focused on is the security of the information.

18 So from the White House perspective, again, to say all
19 eyes are on this is really a true statement from all
20 levels, you know, not just from policy and it sounds
21 good and all that, but really on the technical level.

22 So he took -- Steven Reichhold (phonetic) took
23 a whole team over and met with ITDS -- probably about a
24 month ago -- and they asked a lot of questions and
25 we'll continue to be doing that. So, yeah, it's

1 absolutely something we're focused on.

2 MR. LYNCH: Just one point on that. With
3 regard to any of these risk management elements, with
4 regard to input especially in organizations like the --
5 and others, how did they get their input into that
6 process so that it becomes economically viable for them
7 as well to operate under whatever is decided as far as
8 the restrictions? Where does that fit into the process
9 and how does that affect the decision on --

10 MS. TURNER: Yeah. So what Maria Luisa talked
11 about in terms of our external engagement committee
12 through the BIEC -- is what we're calling the Border
13 Interagency Executive Council, but also, you know,
14 Brenda Brockman's office at CBP, I know has talked a
15 lot to different folks, and then each different -- if
16 you are engaging maybe with other U.S. federal agencies
17 that you deal with a lot and border issues, they also
18 -- and we've made it clear throughout the entire
19 process and with all of the government actors that
20 hearing from and their communication directly with the
21 trade that they work with is crucial so that we get the
22 feedback of what you guys need. And especially as we
23 look to build out pilots, we really want to make -- you
24 know, we have two going right now, one with FSI, USDA,
25 and one with EPA, and we have others that will start

1 rolling out down the road. But as we look to build
2 those out and kind of pick which ones we want to really
3 target and get more people on board, that's a key
4 piece. And knowing what's going to give you guys
5 comfort that, okay, this actually is really working,
6 now we'll get on board and start using it.

7 So, you know, I think if you do it through
8 this FACA, for sure, because we have natural feed into
9 the BIEC. We also have an external engagement, an
10 entire committee, an entire relations strategy and then
11 working with your usual partners on border issues.

12 MR. LONG: Thank you. We're starting to time
13 out here and Sandy may miss his plane if he hasn't
14 already. Are you still there Sandy?

15 (No response.)

16 MR. LONG: All right. He's made his flight.

17 CHAIR BLASGEN: I want to thank you guys on
18 behalf of this committee. This was our first
19 recommendation and we toiled a lot with the language
20 and with how detailed we should get. So if you have --
21 to the extent that you can recall the recommendation --
22 any feedback for us on, you know, you could have
23 expanded this, or it was too much on that, don't
24 hesitate to get that through the right channels. It
25 will help us as we set up next.

1 And also, through all of those conversations
2 your names kept coming up, so it's great that you're
3 not a mystery.

4 (Laughter.)

5 CHAIR BLASGEN: So I want to thank you for
6 that.

7 MR. LONG: Thank you very much. Let's take a
8 short break here. Rest stops, coffee, catch e-mails,
9 and return calls. We'll reconvene at 11.

10 (Whereupon, at 10:49 a.m., the meeting was
11 recessed.)

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1 AFTER RECESS

2 [11:09 a.m.]

3 CHAIR BLASGEN: Well, welcome back everybody.

4 As stated in the agenda, we're going to get to talk
5 now about the Regulatory Group. And you recall last
6 time we talked about getting an expert with us to talk
7 about truck sizes, weight limits and so on. And so
8 Caitlin has so graciously honored us with her time to
9 kick this off. So let me turn it over to Caitlin.

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1 The Federal Highway Administration has been
2 tasked on behalf of the Secretary of Transportation
3 with carrying out the congressionally mandated study
4 called the Comprehensive Truck Size and Weight
5 Limitation Study. This is a very contentious study in
6 some ways. I mean, it really has a lot of aspects
7 under review and it's the first of its kind since about
8 maybe 2001 or so. It has had a lot of attention from
9 all camps. There's not a this side, that side. It's a
10 spectrum of interests, and we've received hundreds and
11 probably thousands of comments. Really, I don't have
12 the final total yet because we're not done taking them,
13 but throughout the course of the study period.

14 I'm just going to give you a brief overview
15 and then let you know where we stand at this point. In
16 May of last year we convened the first public outreach
17 session following the hiring of CDM Smith. I think you
18 have a CDM Smith member on your panel now. And kicked
19 off the introduction to the public of the study and how
20 we would be carrying it out.

21 We asked for public input on a number of areas
22 including what prior studies should we look at as part
23 of a desk scan phase. What models should we be using
24 in this research? We asked for input on the types of
25 trucks we should be studying, because while Congress

1 had directed us to look at a 97,000 pound vehicle, they
2 said you should also look at an alternative
3 configuration. So we asked for input on what other
4 vehicles either out there on the road today or not out
5 there on the road, perhaps in widespread use or even in
6 use in the U.S. should be included in our analysis.
7 Recognizing though that we had a limited amount of time
8 to be able to do the analysis, and so we set a
9 structure of about six truck configurations that we
10 could look at.

11 So we received a lot of very good public
12 input. We also retained through the National Academies
13 of Science Transportation Research Board, an
14 independent peer review panel, to take a hard look at
15 our processes. They were tasked with two things. One
16 was take a look at the desk scans once we've completed
17 them, see if we missed anything major or make sure that
18 our study was structured to be off and running in the
19 right direction.

20 So there was that aspect, and then the second
21 phase has yet to come. TRB's independent peer review
22 panel will be looking at the results of our five study
23 areas, the technical reports, which have just wrapped
24 up. And they will be convening this summer to review
25 those and provide us feedback on the processes that we

1 followed to see if we carried this out in an
2 appropriate way.

3 The Department has been committed to a
4 transparent, accountable, data-driven study. We really
5 found it very helpful to get the public input all along
6 the process. Did everything we could to eliminate any
7 bias, perception of bias, et cetera. I think there's a
8 lot of strong viewpoints with respect to this study.
9 So, you know, we have endeavored through the outset of
10 this to answer all questions and be available and
11 receive and process the feedback that we get. So I'm
12 proud of the work that we've done so far.

13 What we did after that May initial meeting was
14 conduct the desk scans and then we briefed the TRB
15 committee in December. We also held a second public
16 input meeting at that point to brief the public on the
17 proposed work plan, including getting feedback on the
18 models. We kicked that off approximately in January.
19 Very intensive study phase. And several months later
20 received TRB's analysis of our desk scan. They had
21 some very good constructive criticism. I think the
22 comforting thing for us was that they did not identify
23 any datasets or models that were superior to the ones
24 that we were using for our study. So we felt like we
25 were on a good path for the research.

1 I think everyone recognized that if we had
2 more time or if we had more money, or if we hadn't
3 committed to using data that was in the public domain
4 in some way, you know, we did use data that you could
5 purchase, not necessarily solely free data, but we did
6 commit to using data in the public domain so that this
7 would be a replicable study if people wanted to do so.

8 So, you know, those are the aspects of the study that
9 they commented on, among others. They also suggested
10 that we do a better job of showing how the data or the
11 information we gleaned from the desk scan was used to
12 create the project plans. And so we will be showing
13 that. We'll show our work in our reports that will be
14 available to the public.

15 So, again, intensive study period throughout
16 the spring has just wrapped up. We are now in the
17 process of absorbing the results of the work. And the
18 next phases are -- you'll see in July a release of the
19 five study area technical reports. We are hoping to
20 release them approximately the week of July 7th.

21 We would like to hold a fourth public input
22 session on July 17. It will be at the Department of
23 Transportation headquarters down by the Navy Yard. We
24 will hold it as both an in-person session and a
25 webinar. We've done the middle two as webinars which

1 was helpful, I think, for national participation, but
2 for this fourth, potentially final, one, we want to
3 make sure we have an opportunity for face-to-face as
4 well. That will be from about 11 a.m. to 5:30. We
5 have a lot to cover. So put that on your calendar.
6 There will be a Federal Register notice on that
7 shortly.

8 We're taking comments all the way through
9 pretty much I think through the end of July. And then
10 hopefully we can -- those that come after the public
11 input session, we can still absorb in some way prior to
12 writing the final report to Congress.

13 I think those of you who have looked at the
14 study know that we had a task of looking at five study
15 areas. Those were highway safety and truck crash
16 rates. Some new research was done on that as well as
17 collecting information that was out in the field.
18 Pavement surface life consumption along with pavement.

19 It was important to look at the impacts on highway
20 bridges. We studied a representative sample of 490
21 bridges from around the country.

22 We also looked at the impacts on the delivery
23 of effective enforcement programs to see what was going
24 on out there in the states with law enforcement, what
25 sort of citation information was available, could you

1 draw any correlations. And then we looked at finally
2 the implication of shifting goods movement between the
3 modes as well as within the modes if you add additional
4 configurations of trucks to the mix, what would that do
5 within the trucking mode, and then also impacts to rail
6 and so forth. So, a very complicated and large study.

7 The configurations that we looked at, we
8 started with a control vehicle which is the standard
9 five-axle, 80,000 pound tractor trailer. We also
10 looked at the STAA standard tractor plus two 28-foot or
11 28-and-a-half-foot trailers. That was also a control
12 for the doubles.

13 We added to that some additional vehicles.
14 The six-axle vehicle at two weights, 91,000 pounds and
15 97,000 pounds per the congressional direction.

16 We also looked at a vehicle configuration
17 that's not currently in existence in the U.S. It is a
18 tractor plus twin 33-foot trailers. That was in
19 response to a lot of interest from industry to look at
20 something that could help them grow beyond the existing
21 double that's out on the road today.

22 We also took a look at triples. We had two
23 triples tractor plus three 28 or 28-and-a-half-foot
24 trailers and the tractor plus -- and I'm looking at a
25 typo here -- oh, no, the same thing, but at a gross

1 vehicle weight significantly higher. So the twin 33s
2 at 80,000 pounds, the triple at 105,500 and a triple at
3 129 with different axles. So we added all that in.

4 We also were able to find in certain study
5 areas some data on 88,000 pound, five-axle vehicles
6 just to see what that's doing to the system because
7 Congress did ask us to look at both trucks that were
8 operating at the legal weight of 80,000 and those that
9 were operating above. In some cases they've been
10 grandfathered in other states. So they're technically
11 legal, but they are considered overweight compared to
12 the 80,000 pound federal standard.

13 So that's the mix. It's six, but with this
14 additional weights, a few more. Some data is lacking
15 in those areas. There's, for example, a small dataset
16 for triples. So, you know, you have to take some of
17 the results with an understanding of what the
18 limitations are.

19 I skipped over the third public webinar which
20 is available as a transcript on our website. We did it
21 a couple months ago, basically in order to clarify our
22 study methodology. There was a lot of confusion out
23 there, why didn't we pick the Rocky Mountain double?
24 You know, are we looking at local roads? I think we
25 really needed an opportunity to answer some of those

1 questions in our forum and we did get a lot of good
2 questions.

3 So we couldn't do the Rocky Mountain double,
4 frankly, because at that point we had a full slate,
5 and, you know, I think we had a widespread support for
6 the ones that we chose from trucking community, safety
7 community, railroads were interested. So, you know, we
8 picked the ones I think that had the preponderance of
9 interests out there. Not to say that Rocky Mountain
10 doubles, turnpike doubles and others aren't also of
11 interest and aren't also widespread, but just didn't
12 have room in this current study to do it. At the point
13 at which we heard the ground swell of support in the
14 fall, it was a little late to add those.

15 So that was one question we answered. We did
16 sample local roadways and bridges off the interstate
17 system as well to get a good understanding of the
18 impacts. We looked at weather impacts on pavement,
19 regional type impacts, you know, in the northeast we
20 had lot more chlorides being applied for bad weather.
21 Frankly that was here too this year. But I think in
22 some you probably can understand it was a very complex
23 study. And we're happy to be able to put this to rest.

24 It's due by November 15 of this year. And what we
25 will do is take the results of the technical analysis,

1 any further public input, and we're going to draft the
2 report to congress that will go up to the Hill in the
3 fall.

4 I've said it before, our leaders have said it.

5 We will not as a part of this comprehensive truck size
6 and weight limit study be making a recommendation to
7 congress to change the existing truck size and weight
8 laws. I know that's been discussed in this committee.

9 I know it's of interest to many in the industry and
10 it's a topic of concern for some others. But frankly,
11 it's important, we feel, to present the findings of the
12 study which include a robust description of the
13 limitations of the study. We couldn't look at
14 everything, so it's important to understand what's
15 missing there, present those findings to Congress and
16 have them decide on the next steps.

17 I think there's still a lot to be gleaned from
18 the work that was done, so I think people will find it
19 to be informative and useful, and hopefully generate
20 some interesting discussion. But at this point we are
21 not recommending any changes in truck size and weight
22 limit either as a part of that study or as -- I don't
23 mean to mince words, we're not going to do it as a
24 standalone piece either. We're just not taking action
25 on truck size and weight changes.

1 MR. SIPLON: This may be a silly question, but
2 the methodology and some of the material you covered,
3 is that available on your website or publicly?

4 MS. RAYMAN: Yes. We strive to put everything
5 on the website. If it's not there yet, it's not that
6 we don't intend to, we're just reading the reports
7 right now, so we're trying to get stuff out. As I
8 said, I think the transcript from the last webinar is
9 up there. I unfortunately didn't do it as a podcast.
10 Next time, you know, I'll think about trying to do
11 that. That seems a little more current. But if you
12 want to wade through it, you're welcome to.

13 If there's anything missing that you were
14 expecting to see, let us know. You know, it may have
15 been an oversight. I really wanted to get as much out
16 there as possible. So, if you have any questions, I'm
17 happy to take those now. And if you have them later,
18 or if you still want an opportunity to weigh in on
19 where you think truck size and weight limitations,
20 enforcements, et cetera, should be going, let us know.

21 You can contact me, Caitlin.Rayman@dot.gov. But,
22 again, happy to answer any questions now if you have
23 them.

24 MR. SIPLON: Are you incorporating in this
25 study state-based adjustments that have been made based

1 on commodities? I know Georgia's got some state-level
2 changes that have been made.

3 MS. RAYMAN: Yes, when we gathered data on
4 impacts, especially, you know, enforcement, where are
5 violations occurring, things like pavement, bridges,
6 there's a lot of information out there in the states.
7 And because certain states have either exemptions or
8 grandfathered clauses, they are operating trucks that
9 have those different weights that provided the context
10 and the background for the study.

11 MR. SIPLON: It varies state to state --

12 MS. RAYMAN: IT certainly does.

13 MR. SIPLON: -- it's one of the issues; right?

14 MS. RAYMAN: Yes.

15 CHAIR BLASGEN: So, Caitlin, understanding you
16 don't want to make recommendations on changes, it
17 doesn't preclude a subcommittee of this committee to
18 take the findings of that and incorporate it into a
19 recommendation to the Department if we wanted to?

20 MS. RAYMAN: Sure. That's your prerogative.
21 I would urge you to wait until the study is out.

22 CHAIR BLASGEN: Right.

23 MS. RAYMAN: I mean, I'm happy to come back
24 and brief you on the results of the study after
25 November 15. But I think, you know, really at this

1 point there's so much to be learned from the study
2 itself that I think it would be very informative.

3 CHAIR BLASGEN: And what role did the FMCSA
4 play?

5 MS. RAYMAN: Multi-faceted. Although Federal
6 Highways led this, we stood up a policy oversight
7 committee and a technical oversight committee right
8 from the outset to help craft the statement of work,
9 the contractor to develop some of the direction of the
10 program. We also with the FMCSA specifically we had a
11 jointly funded study on truck stopping distances which
12 has some really interesting information. I can't tell
13 you what it is yet, but that will be coming out as part
14 of the report.

15 Actually, Luke Loya of FMCSA has presented the
16 interim findings of that study at various forums around
17 the country. So, it is out there. It was a two-year
18 study. So the first year of results, I think, have
19 already been released. But that was looking at braking
20 distances with the loss of -- or stopping distances
21 with the loss of brakes at different weights.

22 So FMCSA has also provided technical experts
23 to advise the work teams that the contractor stood up.

24 I mean, really, it is the Department's product. So we
25 drove the study, the contractor is sort of the support

1 to this, but this is a Federal Highway and other modes,
2 USDOT study.

3 So any other questions?

4 (No response.)

5 MS. RAYMAN: Good. Well, thank you for the
6 opportunity to be here. I'm sorry I have to leave, but
7 I know you have a lot good work ahead of you. And my
8 employee Nicole Catchikidas (phonetic) is here to hear
9 about freight fluidity later. We're very interested in
10 that in my office. So, again, we really appreciate the
11 work you're doing here. I think we learned about
12 freight fluidity here and at the data conference that
13 we held with TRB last year. So it's good topics here
14 on the agenda.

15 MR. LONG: Great. Thanks a lot.

16 We're going to try and patch Norm in. We've
17 been having trouble with getting him on the incoming
18 side.

19 Those on the line, it's going to sound like
20 we're hanging up, we're going to conference someone
21 else into the call with us. We'll be back to you
22 shortly.

23 (Pause.)

24 MR. SCHENK: Norm Schenk.

25 MR. LONG: Norm, it's David Long and the

1 entire advisory committee.

2 (Laughter.)

3 MR. LONG: Let me patch you in. We've got a
4 few other people on the phone too.

5 Thanks for your persistence.

6 Here we go. All right. Are you still there?

7 MR. SCHENK: Yes. I'm still here. I'm just
8 going to walk back inside. My apologies on multiple
9 fronts to the group but I was trying both my phones and
10 I couldn't get through and I thought if I came outside,
11 but I'm going to step inside here now. If you can hear
12 me we'll be okay.

13 MR. LONG: We can hear you now. This is good.

14 All right. Let me hand this over to you then.

15 We just worked through the preliminary
16 discussions of the weight issue that we requested and
17 the floor is yours to talk about where you see the
18 regulatory subcommittee going. You're on the speaker.

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1 work looking at some of the overlapping and
2 inconsistent regulations. I know we've talked before
3 about the Air Traffic Control technology, the lack of
4 supply chain talent. And so what I wanted to do is
5 maybe just spend a few minutes to talk about some of
6 the other areas that have come to the forefront that
7 we've been doing a lot of work on.

8 The first one which has a lot to do with the
9 sustainability is the use of alternative fuels. And I
10 think a lot of us from other discussions in the room
11 have been trying to be good corporate citizens and
12 working to protect our environment and expand the use
13 of natural gas and liquefied natural gas. Related to
14 the regulations and tax on there as well -- which is
15 another one related to this -- which has just come to
16 the surface is that certainly the use of alternative
17 fuels is much more efficient and better for the
18 economy.

19 What we discovered, though, in our research
20 related this is the upfront cost is quite restrictive
21 in terms of trying to do more for this. So, for
22 example, the 12 percent federal excise tax on heavy
23 trucks related to the fuel, but one of them is, I think
24 of particular interest, is with the upfront purchase
25 costs of the alternative fuel vehicles, when you're

1 paying the same tax rate on the upfront costs which is
2 much higher, it's almost a disincentive to companies to
3 try and do more in this area.

4 So this is one of the things that we're
5 looking to. Again, I apologize that I don't have some
6 numbers to show you here. But we put together some
7 practical examples that we want to include in our
8 submission and recommendation which clearly identifies
9 the disincentive to do more with the LNG and the
10 natural gas on that. So that's one item related to
11 that.

12 The other thing on the regulatory front
13 related to that is the vehicle weight limits. And, as
14 you know, when it involves the use of alternative fuels
15 you have to have the special tanks that go on for using
16 those and they weigh more. So, related to that, this
17 is another area that was identified related to
18 alternative fuels on that. So we're getting close to
19 kind of formalizing kind of a dual recommendation
20 related to that. Once it's in place, like the use of
21 LNG is normally 30 to 40 percent cheaper.

22 So I think for a lot of our companies that are
23 in the room and those that we represent, there is
24 certainly an incentive to want to do it, we just need
25 some help with the regulations/tax perspective on that

1 one.

2 Any questions on that one, or comments?

3 (No response.)

4 MR. SCHENK: Otherwise I'll keep working my
5 way through here.

6 MR. LONG: Please continue.

7 MR. SCHENK: Okay. I'll take silence to
8 indicate no questions on that.

9 Can you still hear me okay?

10 MR. LONG: You're coming through loud and
11 clear.

12 MR. SCHENK: Okay. So that's the one I think
13 that we're close to. I've got a six-seven page
14 document related to this. Right now, I think it's
15 going to be a little bit long, so we're going to need
16 to get that trimmed down a little bit.

17 The next one is related to the weight
18 limitations and kind of crossing over on states. And
19 I'm not sure from that perspective how much we can do
20 in terms of state regulations because that would be a
21 little bit, but if we could address the weight
22 limitations on that because what we have in some
23 situations with some of the trucks is that basically we
24 could go to one border and then have to basically
25 unload and switch trailers and move things around on

1 that front. So that's another specific challenge that
2 we have on that front there. And I dropped my other
3 paper here. I've got to grab it. One second.

4 (Pause.)

5 MR. SCHENK: I'm sorry, I dropped my other
6 sheet with my notes on it. Normally I try to be a
7 little more professional. Except for those of you who
8 know me know I can be a little bit on the run
9 sometimes.

10 Okay. Let's see. Wait one second here.

11 (Pause.)

12 MR. SCHENK: You know what, David, I'm sorry.
13 I dropped one of my papers here when I was running
14 around trying to get on the phone, and it had my other
15 notes on it.

16 (Pause.)

17 MR. SCHENK: Okay. So, you know,
18 unfortunately just in the spirit of transparency where
19 I don't have the other on that, on the regulatory
20 front, again, what we want to do is convene the
21 committee, I think, the second week in July. And
22 really, you know, hone down on these. I think between
23 some of the work that was done on the previous one and
24 some of these other areas that we've identified, I
25 think we're ready to tee some up, we just need to make

1 sure we've got agreement from the committee and
2 everybody is on board with that.

3 And I'm going to leave it at that David.

4 MR. LONG: Sounds good. Thank you.

5 CHAIR BLASGEN: So, Norm, this is Rick. So
6 your thought is that you might have something in terms
7 of a final recommendation after the committee takes a
8 look by the September 11th meeting? Does that sound
9 doable?

10 MR. SCHENK: I think well before that. And,
11 again, my apologies to some others on the committee for
12 that. I've had a couple of legislative assistants in
13 the office putting together the recommendation in the
14 format that we've been doing and then what I want to do
15 is circulate those to our committee within the next two
16 weeks, and then I want to convene a call the week after
17 the 4th of July to go through that and then I think
18 between the committee we determine which ones we're all
19 in sync with that we can move forward. We extract out,
20 you know, two or three on that and then we prepare to
21 circulate through you to the whole so that we could be
22 prepared to have the formal recommendations certainly
23 well before that next meeting.

24 CHAIR BLASGEN: Okay. Good. That's great.

25 MR. LONG: Thank you very much for that. I

1 appreciate your trying to fit this in. I'm not sure
2 everyone's aware that you were called away for an
3 unexpected trip to Europe on this and filling in around
4 the edges on this. So thank you very much for going
5 the extra way on this for us. Really appreciate it.

6 MR. SCHENK: I'm glad too. I think most
7 people on the committee are used to a lot of travel.
8 So, I normally only get home about six, seven days a
9 month and I think a lot of you can appreciate that.

10 Can I ask one question because I wasn't able
11 to get on the other part of the call has it been
12 determined who is the new chair for the trade
13 committee?

14 MR. LONG: Yes, that's going to be Shawn
15 Wattles from Boeing.

16 MR. SCHENK: Oh, terrific.

17 (Simultaneous conversation.)

18 MR. LONG: He'll do a great job, I'm sure.

19 MR. SCHENK: Yeah. Good. Well,
20 congratulations, Shawn, if you're there. And looking
21 very good.

22 Okay. Well, I think what I'm going to do is
23 mute out and put on mute here and I'll stay on for as
24 long as I can here and listen. Again, my apologies to
25 the group that I couldn't be there in person. But I'll

1 look forward to meeting the new members and others at
2 the next meeting.

3 CHAIR BLASGEN: No problem, Norm. Thanks very
4 much, we really appreciate it.

5 MR. SCHENK: Okay.

6 CHAIR BLASGEN: Any questions for the
7 regulatory group at all?

8 MS. BLAKEY: Did I miss it or are they looking
9 at some of the new trucking regs that are coming out on
10 hours of service and on CSA and all like that?

11 CHAIR BLASGEN: Norm, did you hear that?
12 Leslie had a question.

13 MR. SCHENK: I'm sorry. I didn't pick up the
14 question clearly, if you could repeat it?

15 MS. BLAKEY: Yeah, Norm, is your group looking
16 at the new regs on hours of service and CSA for the
17 trucking industry?

18 MR. SCHENK: Yes. I apologize. I didn't have
19 that -- yes, hours of service was absolutely on the
20 list.

21 MS. BLAKEY: Okay. Great. So will you all be
22 coming out with recommendations regarding that or
23 you're just monitoring it?

24 MR. SCHENK: No. What we were doing in our
25 committee is kind of work through on the recommendation

1 and then we would circulate it to the other members for
2 feedback. But what we're trying to do in order to keep
3 things moving forward is at least put, you know,
4 somewhat of a stake in the ground and what a
5 recommendation would be within our group and then
6 circulate it to the full membership so that we could
7 make sure that we have everybody's input and ideas and
8 would be in full agreement.

9 MS. BLAKEY: Okay. Great, thanks.

10 MR. STEENHOEK: And, Norm, I have a question.

11 Prior to your comments we just received a briefing
12 from the USDOT about the DOT's current underway study
13 on semi weight limits and how it's going to be
14 completed this fall. One of the recommendations that
15 she had was for not only our committee, but other
16 committees, to weigh in on that issue until that study
17 has been completed. What's your subcommittee's
18 approach to that issue? Do you feel like you have
19 enough information at your disposal already to make a
20 recommendation to the full committee or are you going
21 to wait until the USDOT completes their study this
22 fall?

23 MR. SCHENK: What I need to do is the DOT is
24 not my personal area of expertise. However, Thomas
25 Jensen in our office is an expert on it and well-

1 dialed-in with that particular group. And assuming the
2 rest of our committee would be supportive of that, I
3 think what we'd like to do is take a look at where we
4 are with what we think it is, and I'll see what kind of
5 intel I can get through Tom and maybe get a recap of
6 what this briefing was.

7 I think our preference would be, you know,
8 sometimes these -- with all due respect sometimes these
9 things take quite a bit of time. And I think if we
10 have enough clear information, particularly if there is
11 an area that we're concerned that may not be addressed
12 in there because that could be an opportunity for us
13 that maybe if it's not a formal committee
14 recommendation, maybe what we could do is, you know, at
15 least put something together that would address a
16 particular area that's not being addressed as part of
17 that, that could be, so that that gets included as
18 well.

19 I'm speaking personally. I'm not a big fan of
20 waiting for those things to be completed. And we all,
21 you know, respect that all the good work in all the
22 different groups -- but sometimes these things, you
23 know, if it's important to our committee members and we
24 need to it, do something with it, then we'd certainly
25 support that.

1 CHAIR BLASGEN: Okay.

2 MR. SCHENK: I'll follow up with Tom Jensen in
3 our office on that. And I'm sorry, I didn't catch the
4 name of who asked that question, but if you want, I'll
5 be glad to follow up with you individually on that as
6 well.

7 MR. STEENHOEK: Norm, it's Mike from the Soy
8 Transportation Coalition. No need to follow up with me
9 about it. I was just kind of curious is this concept
10 even being discussed during the course of your
11 deliberations. Obviously it's a very contentious
12 issue. There's going to be wide disagreement within
13 the full committee on this topic, but there's going to
14 be some of us -- "us" -- me being one of them -- who I
15 frankly feel that we have enough information that's
16 been generated over the past 10, 20 years on this
17 subject --

18 MR. SCHENK: Okay. Good.

19 MR. STEENHOEK: -- that we can --

20 MR. SCHENK: Okay. Good.

21 MR. STEENHOEK: -- that I can, you know, have
22 a position on it, but others obviously are going to
23 have a different perspective on that.

24 MR. SCHENK: Okay. Well, we'll continue to do
25 that and I'll follow up with Tom Jensen and I'll circle

1 back to you, Mike, because it sounds like you've got a
2 lot of knowledge in this area. And then we can include
3 them in our preliminary to the other committee members
4 for our next call. And, you know, I think we would
5 offer this up to any of the other members that may
6 circulate that, we certainly can open it up,
7 particularly to new members that may have interest. I
8 don't know if any of the new members have expressed
9 interest in joining our committee or not.

10 I was hoping to hear a lot of "I do", "I do".

11 But --

12 (Laughter.)

13 CHAIR BLASGEN: No, one of the things that we
14 need to talk about -- we'll tee it up at the end of
15 this meeting -- is for the new committees, if you have
16 a passion about one of the current subcommittees, you
17 know, raise your hand and we'll get to you formally
18 around what subcommittee you would like to participate
19 in and there may be another subcommittee we create, as
20 we go forward, for the group. So it's one of the areas
21 we have to cover before the end of the day.

22 So think about that as we go through the day.

23 Okay. Thank you, Norm.

24 MR. SCHENK: Okay. Good. Thank you.

25 CHAIR BLASGEN: So let's move on to the

1 freight policy and movement committee, Cynthia. Oh,
2 yes, I'm sorry. I've been waiting for you and you're
3 right next to me. Go right ahead.

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REGULATORY DEVELOPMENTS**Tretha Chromey****Department of Transportation**

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5 MS. CHROMEY: And the only reason I chimed in
6 before Norm gets off the phone, again, I heard that
7 you're looking at a July 11th meeting. And to follow
8 up on Leslie's comment -- this is Tretha Chromey from
9 -- I'm from the U.S. Department of Transportation. But
10 I would also -- I know we mentioned hours of service
11 for the truckers, but I would also encourage you to
12 look at hours of service across all modes. There's a
13 lot of work that's going on for hours of service.
14 Especially there was an article recently written, and,
15 of course, I'm not going to be able to find it, but I
16 will try, I think it was in Bloomberg about the
17 inconsistency of hours of service across modes. And
18 they talked about cargo, air, they talked about rail,
19 and of course, they talked about the trucking industry.

20 It's a contentious issue, as everybody knows,
21 but -- and I'm sure everyone has seen the recent press
22 releases. So, it's a tough time at the Department.
23 So, again, I would offer up anybody from the Department
24 would be willing to brief the group on what is
25 happening with hours of service from a Department

1 perspective as well as fatigue management. There's a
2 lot of things that are going on. So I think it would
3 be maybe useful if you would -- if you need that we
4 could definitely get that.

5 It is definitely something that has been on --
6 what we have is called the Safety Council, which is
7 comprised of all the administrators of the multi -- of
8 the modes and it's chaired by the Deputy Secretary,
9 currently. Well, maybe tomorrow we actually a final
10 Deputy Secretary.

11 So, anyway, Tretha Chromey. Again, I echo
12 some of the things that Caitlin mentioned about this
13 advisory committee and David and I have worked together
14 for almost a year. But I'm not sure how many of you
15 know, but I've actually taken a new position over at
16 the Department, so I am actually transitioning out as
17 being the DFO for the National Freight Advisory
18 Committee. But with my transition came, finish your
19 tasks and then you can leave.

20 So I'm happy to report that the National
21 Freight Advisory Committee's work was done, especially
22 for some of the new members who aren't aware of what
23 was done.

24 It was done a little bit differently than the
25 work that has been done at this advisory committee.

1 And we have provided them a single task right from the
2 get-go which was helping us provide comments and
3 recommendations for us to consider for the draft of the
4 national freight strategic plan as required by the
5 MAP21 which is our authorizing language said that we
6 needed to develop a strategic plan by the year of 2015.

7 It either states September 30th or October 1st,
8 whichever one you want to put, but it definitely has to
9 be done by the end of the fiscal year of 2015.

10 The point was that in preparation for that
11 task, and the work that we asked of the advisory
12 committee, we wanted it to be timely for work that is
13 being done at the Department. And as most of you are
14 aware, we are currently under a reauthorization and we
15 are in need of a reauthorization so the Department --
16 and I'm going to speak to it a little bit in a minute
17 -- has put out a proposed reauthorization proposal.
18 There are quite a few bills that are out circulating.
19 If you aren't aware of these bills, I do ask you from,
20 you know, the work that you've been doing and from an
21 economics, commerce, trade, goods movement perspective
22 that you look at it. Because to echo on some of the
23 work that was said earlier from the -- about ITDS and
24 stuff like that, it's great to get the goods into the
25 country or get some of our experts out, but they have

1 to get there somehow and they have to be transported.
2 And they're going to be on one of those modes, which of
3 course we oversee. And without some of the issues that
4 have been raised by the National Freight Advisory
5 Committee resolving and helping the Department in
6 preparing a reauthorization proposal, I think we will
7 be short of making some of the headway that we thought
8 we could make in the next proposal.

9 Freight has gotten a lot of attention and I
10 think people have recognized the fact that if we wanted
11 to move efficiently and economically, we do need to
12 look at how supply chain is done. And, you know,
13 working with our other colleagues and a lot of our
14 modes, other agencies, I'm sorry, it has really been
15 very beneficial.

16 So my short update is that the National
17 Freight Advisory Committee's task one was to provide
18 recommendations to the National Freight Strategic Plan.

19 They did this over pretty much the whole year in a mix
20 of some of the work they've done. But what happened,
21 it all came to fruition on March where all the
22 subcommittees presented their recommendations in March.

23 We took some -- you know, it was -- David was there,
24 and Bruce was there, and Russ was there. So you can
25 just imagine, when you have 90-some plus

1 recommendations to go through in two days.

2 So that's what we did, believe it or not.
3 There were some good moments and there were some
4 contentious moments, but all in all what ended up
5 happening was we walked out of there with some revised
6 recommendations. A group of members came together and
7 rewrote the report. And over the last month/two
8 months, we had a webinar in April and we also had a
9 webinar in May. And if any of you have participated on
10 those webinars, I thank you, because they lasted
11 between four and six hours. Actually six and four
12 hours if you want to do it respectively. And they were
13 very long, but we did it. Leslie, I know was on part
14 of one of them.

15 PARTICIPANT: I was on every one.

16 (Laughter.)

17 MS. CHROMEY: There you go. And so anyone can
18 say David was on one. And, again, a lot of people said
19 it was very humorous, but not for us on the other end.

20 But at the end of the day, I have to say, this
21 report is coming out. It will probably be out, if not
22 by the end of the week, it will be next week. I think
23 it is a very good report. All in all there are 81
24 recommendations.

25 The recommendations focused on three elements,

1 assessment of barriers, which is probably the most
2 comprehensive chapter, and then two additional chapters
3 related to best practices. Best practices for
4 improving the performance of the network and best
5 practices for mitigating community impacts. And so
6 that is where we are.

7 I would also like to point out, there are
8 three recommendations that are specific to establishing
9 three new work groups within the National Freight
10 Advisory Committee. They are very specific, one is
11 planning. And the purpose of the planning work group
12 is really to look at freight from a DOT perspective as
13 how do we deal with it from a multi-level -- you know,
14 moving freight -- or I'm sorry, planning projects and
15 moving freight in the 21st century. So we're not doing
16 it so modally specific.

17 Again, I don't know how many of you are aware,
18 but there's a long-range plan, there's a transportation
19 plan, there's an FRA plan, you know, and there's more
20 plans than we can tell you. There's a safety plan. So
21 there's a lot of plans that all the states are required
22 to do when they're prioritizing their projects. So
23 that group is to look at it holistically and maybe come
24 up with some recommendation.

25 There's a safety work group, which, again, I'm

1 sure of you aren't surprised. But this safety work
2 group is very specific. It is to help us focus on --
3 what they asked for was SMART goals to achieve a vision
4 of zero fatalities. And what this means is helping us
5 to provide recommendations, again, to the Department on
6 developing SMART goals -- SMART meaning specific,
7 measurable, accountable, and timely -- and missing the
8 "R" of course. But that is a very specific goal as it
9 relates to freight movement as well. Because, again,
10 we have a safety goal within the Department.

11 And then the final workgroup is about
12 workforce. And this one was driven -- it was pretty
13 interesting. It was actually taken from two webinars.

14 And what this one is about is it's a twofold approach.

15 It is about the workforce within the whole entire
16 freight industry whether it's the operator level, the
17 management level, or the even government, state,
18 private, whatever the level. But, again, looking at
19 the fact that the workforce is aging, and looking at
20 how we will get more people into this industry, but it
21 was -- as well as technology is growing, how do we
22 educate and train this workforce that exists on new
23 technologies that are emerging that could be more
24 efficient and effective as well.

25 So, those are some very specific tasks that

1 have come out of those workgroups.

2 And, again, I will offer if you have any
3 additional recommendations or anything, or comments to
4 what the report is, I would, of course, take them. And
5 the next task of the National Freight Advisory
6 Committee does have to do with our reauthorization
7 proposal. I did bring copies. Again, I don't know how
8 many of you are familiar with the Department's
9 reauthorization proposal. It's called "GROW AMERICA".

10 GROW is an acronym, the whole thing, GROW AMERICA is a
11 full acronym. I do not know it by heart. If anyone
12 does, I will buy you a coffee. I do apologize.

13 (Simultaneous conversation.)

14 MS. CHROMEY: Did you say it, Leslie?

15 MS. BLAKEY: No. I've got it written down
16 somewhere, but --

17 MS. CHROMEY: And, again, it's growing -- I
18 can't remember it.

19 MS. BLAKEY: Generating --

20 MS. CHROMEY: Generating --

21 Come on Chris.

22 PARTICIPANT: Too many letters.

23 MS. CHROMEY: No? All right. So anyway it
24 is a full acronym, all capital letters. So it is
25 intentional.

1 But what I did bring for everyone here is just
2 to show you what came out of the -- they have these on
3 the website, every mode has one, but this one is
4 specific to freight movement. And it's the --

5 MR. LONG: Well, while you're passing them
6 out, it's Generating Renewal Opportunity in Work with
7 Accelerated Mobility, Efficiency, and Rebuilding of
8 Infrastructure in Communities throughout American.

9 MS. CHROMEY: There you go.

10 MR. LONG: I Googled it.

11 MS. BLAKEY: Somebody sat up for a week
12 designing that acronym.

13 MS. CHROMEY: I don't know where that came
14 from, I wasn't part of that workgroup. But, again, we,
15 you know, we work well with David and look forward to
16 continuing any efforts. I promise whoever takes over
17 for me will continue to work with David.

18 Anyway, thank you very much. Oh, there's a
19 question.

20 MR. WISE: I just would like to commend you
21 for taking a bigger group than this --

22 (Laughter.)

23 MR. WISE: -- and probably more diverse and
24 actually getting something done in a time box. I've
25 read the report.

1 MS. CHROMEY: Oh, thank you.

2 MR. WISE: Obviously 81 recommendations it's
3 all over the place. But I think there's some themes in
4 there that we should reflect on. We've organized
5 ourselves around five committees where we obviously
6 have a lot of overlap. One theme that came through
7 here much more loudly than we have, I think it's more
8 addressed, is the theme of streamlining. And I would
9 like to put that forward as something that we need to
10 think more about.

11 I would also be interested in -- you know, in
12 some ways hopefully we were helpful with our prework as
13 input to your group. What do you think we should be
14 focusing on from our efforts to move forward some of
15 the recommendations in that?

16 MS. CHROMEY: Again, you know that's a two-
17 part question and I'm going answer it.

18 MR. WISE: Please.

19 MS. CHROMEY: I see it as a two-part question.
20 I'm going to first, believe it or not, take the latter
21 which is the funding and reauthorization piece. I
22 think it's really important when looking at those
23 recommendations and any work that's being done, if the
24 Department has a role on implementing something that is
25 done at the Department of Commerce and you are all

1 providing recommendations to the Department of Commerce
2 to share with the Department of Transportation, I
3 really urge you to be timely.

4 Reauthorization discussions -- and I know a
5 lot of you know more than I do -- Leslie, Chris, a
6 bunch of you, all know more than I do about it. But if
7 those recommendations that are to move goods more
8 efficiently, effectively, increase economy, help the
9 workforce, you know, we hear the ladders or opportunity
10 and stuff like that, I would urge you to focus your
11 attention to those types of recommendations. We would
12 be -- well, besides amazed and shocked and probably the
13 skies would come down, if we had a reauthorization
14 proposal in time, you know, when this one expires next
15 year. Next year?

16 PARTICIPANT: September 30th.

17 MS. CHROMEY: September of 2014?

18 PARTICIPANT: Yeah, pretty quickly.

19 MS. CHROMEY: So, I was thinking October 1st.

20 But, okay. But anyway, that would be -- again, it
21 would be a miracle. We've never seen it happen, but
22 there's always hope.

23 MR. WISE: Is there anything we can do around
24 that? Because, you know, frankly that's the elephant
25 in the room.

1 (Simultaneous conversation.)

2 MS. BLAKEY: Related to that I have a request.

3 MS. CHROMEY: Yes.

4 MS. BLAKEY: The President's GROW AMERICA Act
5 of the President's budget had a funding mechanism
6 proposed.

7 MS. CHROMEY: Yes.

8 MS. BLAKEY: David, is it possible that this
9 group could -- especially the finance committee that I
10 serve on with Mike here -- I would be really interested
11 in having some kind of briefing on how that would work.

12 You know, I realize that it's part of a larger tax
13 proposal that would have to pass through congress, but
14 it would be really helpful to understand better how
15 that proposal would work as well as it's got a lot of
16 similarities to the Ways and Means, Chairman Camp's
17 proposal ON tax reform as well.

18 MR. LONG: We can do that.

19 MS. BLAKEY: We could really benefit from
20 getting a briefing on that.

21 MS. CHROMEY: Yes, and I think Leslie hit the
22 big one is the elephant in the room is the financing.
23 I mean, you really -- it is the elephant in the room.

24 I mean, reauthorization is critical. Our
25 legislation, you know, the way the law is written to

1 streamline or harmonize or grow programs. Freight is a
2 10 billion increase over four years. How do we fund
3 it? It's critical to answering -- you know, and we can
4 do all of the programs and policies, and regulations,
5 but until we figure out how that question, I think
6 that's probably if anybody would agree, that is the
7 elephant in the room.

8 In addition to your second-part question, on
9 the recommendations, I think that there are --

10 (Fran Inman joins the conference call.)

11 (Simultaneous conversation.)

12 MS. CHROMEY: Is that Fran?

13 MR. LONG: Hey, Fran.

14 (Laughter.)

15 MS. INMAN: Sorry, guys, I thought I was on
16 mute.

17 (Laughter.)

18 MS. CHROMEY: I think you just wanted us to
19 know California was on board.

20 But the other piece would be really looking at
21 some of the recommendations as we talked about
22 streamlining and harmonizing. Harmonizing is a tough
23 word. They brought it up here. It means a lot to
24 different people. But, again, that's one of the
25 reasons I brought up the hours of service piece because

1 of the discrepancies between the rules within hours of
2 service or harmonizing regulations as it relates to,
3 you know, environmental policies, and infrastructure
4 design, and stuff like that. So these were some really
5 big-ticket items that were in the recommendations
6 report. So I think that's where I would second my
7 other piece which is more specific to what the
8 recommendations say.

9 So I hope I answered the question correctly.
10 Anything else?

11 MS. BLAKEY: I just have one more question.
12 Sorry. I'm wanting a lot of briefings here, but I
13 think that we really kind of need to drill down into
14 some of these things. And I'd also like to suggest I
15 don't know if others on the committee are interested,
16 but this is a really helpful -- on the GROW AMERICA
17 Act, but I think that there's a lot in that. Bill, you
18 guys did a great job putting together the GROW AMERICA
19 Act. I have had a number of meetings on the Hill where
20 staff have asked about issues that they're struggling
21 with. And actually part of the GROW AMERICA Act has
22 addressed that and I've pointed them to it. And even
23 regardless of political party, it seems to be getting
24 good reception. I know that we can't expect the Hill
25 is just going to take the GROW AMERICA Act and, you

1 know, stick it into a bill and put it out there. But I
2 think the more that people are informed about the
3 concepts and the rationale behind what was put into the
4 GROW AMERICA Act, the better off we'll be. And I'm
5 wondering if we could get a briefing from DOT on it?
6 And, you know, looking at sort of the larger scope of
7 the idea of a national transportation fund as opposed
8 to just the Highway Trust Fund, and so forth and so on.

9 So, David, is that --

10 MS. CHROMEY: I'm going to --

11 MS. BLAKEY: -- possible?

12 MS. CHROMEY: -- mention two things and then
13 I'm going to -- I promise that's it.

14 One is there have been quite a few Webinars
15 that have been done on GROW AMERICA. Again, I'm sorry,
16 I don't have the schedule, my new position has taken me
17 out of that little bit of a world. But I have moved
18 over to the Federal Railroad Administration, still in
19 the freight world, just a little bit more specific.

20 But I do recommend that you look and see on
21 our website. They will publicize. If you haven't
22 heard one or something, reach out to a mode that you
23 may be familiar with and they can tell you.

24 The second piece I would highlight is the fact
25 of what the National Freight Advisory Committee's next

1 task is, which is providing comment to this
2 reauthorization proposal. So they will be meeting in
3 July. They will be meeting with congressional staff
4 and then they will be having a public meeting in the
5 second half at the DOT. But that's July 15th and 16th.
6 So, again, if I had something to encourage you to look
7 into, that would be something else.

8 CHAIR BLASGEN: And thanks Tretha for all of
9 your support over the years now.

10 MS. CHROMEY: No problem.

11 CHAIR BLASGEN: Okay. Cynthia.

12 MS. RUIZ: Well, first of all I want to thank
13 Tretha for that report because I really do believe what
14 we do with this committee, what NFAC does, we can
15 compliment what they do. So thank you very much for
16 that report.

17 MS. CHROMEY: Absolutely. And David will get
18 a copy of the report and he can share it with all of
19 you.

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1 **FREIGHT POLICY AND MOVEMENT DEVELOPMENTS**

2 **Cynthia Ruiz**

3 **Subcommittee Chair, Freight Policy and Movement**

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5 MS. RUIZ: So what I've been tasked to do is

6 to give the subcommittee report on Freight Policy and

7 Movement. And first of all, I have to say that I'm

8 working with a great committee, so I want all the

9 committee members to raise their hand and be

10 acknowledged.

11 (Showing of hands.)

12 MS. RUIZ: And we also now have a few new

13 committee members. Tiffany joined our committee

14 meeting last night, as well as Juan Carlos. And Joe

15 Bryant has been a member for a long time, but now he's

16 an official member.

17 So one of the things that we've done with our

18 committee is that a lot of work has taken place over

19 the last year, year and a half, and very quickly what

20 the committee did is got into the weeds because we have

21 people -- professionals that are so knowledgeable. So

22 we jumped straight into solutions and there was a lot

23 of work done around value stream mapping especially for

24 several different supply chain modes. So we decided to

25 get out of the weeds a little bit and in terms of

1 moving forward because we do want to make
2 recommendations to the group. We took a step back.
3 Got more high level and what we're going to be
4 presenting today is our recommendation and we'd like to
5 move it forward for a vote in September.

6 So in way of an introduction, the subcommittee
7 has adopted the following recommendation. And the
8 subcommittee recommends that the Advisory Committee
9 approve and forward to the Secretary of Commerce, for
10 distribution to the administration and appropriate
11 federal agencies.

12 So what we're saying is the recommendations
13 that we're moving forward should not only be looked at
14 by the Department of Commerce, but we realize, as I
15 just indicated, the work that we're doing compliments
16 what DOT is doing as well as the entire administration.

17 So basically our recommendations came into
18 four points that we wanted to put forward for
19 discussion. So we wanted to pretty much state the
20 obvious with number one, and it's to use supply chain
21 performance measures when making public policy and
22 investment decisions.

23 So we want to make sure that the investment,
24 especially when it comes to money, the investments are
25 made strategically and it's so simple, but we wanted to

1 make sure that we were stating the obvious.

2 The second item is to use travel time, travel
3 reliability and cost as key measures of supply chain
4 performance. So when we were evaluating what key
5 measures should be looked at, we also looked at
6 security and we also looked at risk. But we narrowed
7 it down to these top three using travel time,
8 reliability, and costs as key measures when you're
9 looking at performance.

10 The third recommendation is to develop
11 analytical tools to measure end-to-end supply chain
12 performance. And the reason why we felt it was
13 important to do end-to-end, we wanted to look at it
14 holistically. And information dissemination mechanisms
15 to deliver this to the stakeholders because we realize
16 in the supply chain we have many stakeholders and many
17 of us are sitting around the table today.

18 So those are the top three. We have one final
19 recommendation, and basically it's when we're using
20 supply chain performance measures, it should be at
21 different levels. So starting with industry level,
22 private companies, metropolitan level, the cities and
23 counties, state and multi-jurisdictional level, the
24 national level, and the North American level. And when
25 we talk about North American level, and we heard a

1 little bit about this earlier, we feel that both Mexico
2 and Canada are such key partners when we're looking at
3 the entire supply chain. And so we want to make sure
4 that all these levels look at this to make strategic
5 investment decisions and the bottom line is to improve
6 U.S. supply chain competitiveness.

7 So it's interesting the way the committee has
8 done because like I said, we worked so hard and we got
9 so far into the weeds and did a lot of values through
10 mapping. Then we came back up and said, big picture
11 with our recommendations, because we do want them to be
12 looked at broadly, let's make the big picture
13 recommendations.

14 In terms of next steps. So if the consensus
15 and I have to just say for full disclosure we did not
16 have a unanimous decision on this. We had vigorous
17 discussion, but we felt it was a consensus to move this
18 forward for further discussion. So we realize that now
19 that we have the recommendation on the table, there is
20 still a process, so we're going to be -- we already
21 scheduled a meeting and we -- because people are
22 throughout the United States, most of our committee
23 work is done on a conference call basis, which is a
24 little bit challenging sometimes.

25 I prefer the in-person meetings and that's one

1 of the reasons why we had a meeting last night. And
2 we're hoping that the final recommendation will be
3 deliberated and voted on in our September meeting.

4 The other thing that we are in the process of
5 doing is we also are going to be having another
6 subcommittee meeting to discuss what came out of the
7 North American Leadership Summit as it pertains to the
8 North American transportation process. So, there's a
9 lot going on with the committee. We've done a lot of
10 great work. I of course want to acknowledge Russ Adise
11 our support from DOT for being our scribe last night
12 and making sure that this moved forward.

13 So at this point I'm going to open it up to
14 any other committee members if they would like to add
15 anything.

16 CHAIR BLASGEN: One question, Cynthia. Did
17 you identify the other appropriate federal agencies you
18 want this recommendation to go to? Obviously DOT, but
19 are there others?

20 MS. RUIZ: Well, obviously anybody that has
21 any oversight over any public funds would be one of the
22 criteria that we would be looking at. But on the other
23 hand, it's not only money either because like we heard
24 from Custom and Border Patrol, you know, earlier today.
25 We think that all of this is really interrelated.

1 But we'd move than happy to flesh that out and
2 make specific recommendations if that's what you would
3 like.

4 CHAIR BLASGEN: Well, at some point we'd have
5 to --

6 MR. LONG: We'd show it to everyone basically.

7 MS. RUIZ: And we're okay with that.

8 MR. LONG: The basic thing here is if we're
9 doing something that talks about how North America is
10 organized and how the states are organized in this,
11 this is going to have implications for relations with
12 Canada and Mexico and so forth. All of the
13 participants in the domestic decisions plus anybody
14 involved in trade or international affairs would like
15 to see it to. We'll make sure that happens.

16 MS. STRAUSS-WIEDER: Cynthia, could you go
17 back one slide for a moment?

18 MS. RUIZ: Absolutely.

19 MS. STRAUSS-WIEDER: Did you talk about modal
20 or carrier level? And I know that on the federal side
21 there's a lot of discussion by mode. In fact we want
22 to get away from the stove piping, but I'm thinking
23 from a supply chain perspective almost every user has a
24 series of criteria for measuring the efficiency of the
25 carriers they're using, whether they're truck or rail,

1 ocean carrier, air cargo, and wondering if those kind
2 of performance measures can be factored in; because
3 they keep shifting.

4 MS. RUIZ: Correct. So I think that's a great
5 question for Leslie or Lance.

6 MS. BLAKEY: Well, I'll let Lance probably
7 address it more thoroughly, but I think that where we
8 were going with this was looking at -- we put industry
9 there because industry has always got to be part of,
10 you know, the evaluation criteria. They've got to be
11 part of the discussion in terms of identifying the
12 metrics appropriately and so forth. But really the
13 concept here from the high level is first we need to
14 get to a national view of our transportation -- our
15 freight transportation network. Have some way of
16 identifying priorities in terms of investment and then
17 ultimately further through that process hopefully
18 somewhere out on the other end, because Tiffany raised
19 this last night, there would be an opportunity to get
20 more into the ability to provide information to
21 industry to help them make better choices in their
22 operations activities.

23 But that's not the first -- this is aimed more
24 at a national network prioritization of investment
25 approaches to coordination with neighboring countries,

1 and so forth. So it's not really designed to be an
2 operational system for dispatching.

3 MS. RUIZ: Lance, did you have anything you
4 wanted to add, or Joe?

5 MR. GRENZEBACK: I think the short answer to
6 Anne's question is, we take account of the modal
7 performance measures, but the objective here is to look
8 at the trip, not the individual modes. I think most of
9 the modes do a pretty good job of their own performance
10 measurement. The question here is, what's the
11 performance of the trip?

12 MS. BLAKEY: And what does that tell us about
13 how we should be adjusting our policies?

14 MR. LONG: Is Mr. Tardif on the line? Has he
15 joined us?

16 CHAIR BLASGEN: Is Louis-Paul on the line?

17 MR. TARDIF: Yes, I am.

18 MR. LONG: Is there going to be a discussion
19 of what the freight fluidity --

20 MS. RUIZ: We have Louis-Paul from the
21 Director, Economic Analysis and Research Transport
22 Canada who has done some great work and he's going to
23 share with us. So do you want to go ahead and start
24 your discussion?

25

26

1 **FREIGHT POLICY AND MOVEMENT DEVELOPMENTS**

2 **Louis-Paul Tardif, Director**

3 **Economic Analysis & Research**

4 **Transport Canada**

5
6 MR. TARDIF: Thank you very much. I will be
7 brief. I believe that I did send a presentation to Mr.
8 Adise prior to this. I don't know if you can all view
9 it.

10 MR. LONG: Louis-Paul, it's on the screen.

11 MR. TARDIF: Okay. Thank you very much, sir.
12 I will just state a page number and then we can flip.
13 And I'll go as fast as I can in view of the time.

14 First of all, thank you very much for the
15 time, the opportunity to present. This is the work
16 that we've done at Transport Canada, work that started
17 around 2007, early 2007, early 2008 with the concept
18 that actually I put in place at the time. I used a
19 concept of fluidity from some of your engineers like
20 the fluid dynamic approach. Anyway, so that's the
21 concept that we put in place. We're trying to be a
22 little bit looking at the government role, not to
23 substitute ourselves as a company with the role that we
24 do.

25 So, the term "fluidity" came from essentially

1 -- I came up with it at the time that the word velocity
2 was used. So anyway, so this is an interesting
3 concept, I thought. And, of course, as you know, in
4 Canada we have a gateways and trade corridors approach
5 that we put in place, again, in the mid-2000s. It
6 seems to have been working well for us.

7 So the fluid concept was to assist us into
8 measuring the effectiveness of our investment. And to
9 also look deeply into the type of issues we were facing
10 at the time.

11 So slide number two, the fluidity indicator,
12 first, the first task of the indicator is to track the
13 freight mobility performance of a strategic freight
14 routes. And for us, of course, the purpose was to
15 provide us with impartial evidence-based results on the
16 supply chains here in Canada.

17 The fluidity indicator form of the tool had to
18 be easily accessible to stakeholders. So we used a
19 web-based approach to disseminate the information. We
20 are, as much as we can, near real time. The
21 performance of the individual segments, but our
22 approach was always to have end-to-end transit time of
23 freight flows.

24 The metric is focusing on impediments, the
25 bottlenecks around the major routes. We had special

1 attention in our ports at the time. Perhaps because
2 the relationship between Transport Canada and the ports
3 is very close. We still own the infrastructure, but it
4 is managed by sort of a private entity.

5 It was very important for us as we looked at
6 North America as a whole. We believe that we are
7 entering into NAFTA next generation. So we thought it
8 was time to look into a tool that would give us sort of
9 a full view of NAFTA -- in Canada.

10 We took the approach on slide number three,
11 phase one, we used imports, the pressure at the time,
12 mid-2000 was definitely on Asia. The tremendous
13 entries of containers coming from Asia.

14 Slide number four, that sort of gives you a
15 sense what we looked at. We looked at Asia, going
16 through our two main container ports on the west coast,
17 Prince Rupert, which is a fairly small entity about
18 maximum 700,000 TUs in capacity. That was a new
19 facility for us. And Vancouver, of course, which is a
20 more established fully -- both import and export bulk
21 and containers.

22 And what we saw is that the origin of our
23 containers essentially look at Hong Kong, Shanghai, and
24 Tokyo. We also are doing Chengdu in China. And we
25 tracked those ship movements. We do the ship movements

1 more or less in near real time. We use a Lloyd's
2 database where we track the routing of those things.
3 So we do a true -- of shipping lines and not just
4 average.

5 Then we look at the port facilities and the
6 port -- the GPI of the ports. Then we move the freight
7 on land and we do both rail and road. The destination
8 for us, of course, we are smaller -- a large
9 geographically, but a small country in terms of major
10 centers. We have four that we track, Calgary,
11 Winnipeg, Toronto, Montreal. And we also tracked the
12 boxes going to the Midwest, Chicago being the main
13 point.

14 On the east coast we do Montreal, which is the
15 seventh point of importance. We track Antwerp.
16 Antwerp is the most important port for Montreal. And
17 the Valencia port facility which is becoming a trans-
18 shipment, the newest facility.

19 So that gives you a sense. So we can segment
20 all of that, or do it in -- and on the next slide, page
21 6, that sort of gives you a flavor, I think, of the
22 data we've been able to do now.

23 Obviously, we now have four years of data and
24 so we start to have a good database, good traction in
25 terms of data. So, of course, we do the very typical

1 statistical analysis, mean, 95th. But I think it's
2 important to recognize that it's often this tail, this
3 95th percentile that comes to bite you. And so that's
4 why we measure the reliability of the supply chain and
5 the variability of those chains.

6 And I guess we all had a pretty tough winter
7 last winter. Some blame it on us Canadians. The
8 vortex, as they call it, but we were not responsible
9 for that. It was the invisible hand. But you see --
10 had a huge impact all the way throughout, I think.

11 So we can dig into all of those datasets
12 because it's all at a very, very granular level.

13 It's most important to say on the container
14 side, we track literally 100 percent of all of the
15 containers coming into our ports, then we track 100
16 percent when it's moved by rail. As you know on the
17 motor carrier side, we -- carriers are able to track
18 the box. We track the front, the power unit, so we
19 tracked -- we have about -- we track roughly 50 to
20 55,000 tractors in Canada which is our own tracking
21 approach with our own Canadian third-party providers.

22 We don't use the ATRI data, we use it as a
23 sort of -- we look at it, but we use our own dataset.
24 So that will give you that.

25 Then, of course, on page 6 I think the big

1 thing that is becoming quite obvious to us -- the
2 resilience of our system is often the question being
3 asked whenever we are in Tokyo or Shanghai or even here
4 in North America.

5 And so what -- in 2010 on page 7, we took up
6 with TCI at the port level and we have a set of 12
7 indicators that we can really get into understanding
8 why port issues in fact are an issue. And we tend to
9 relate to cause and effect of the entire system.

10 Then on page 8, as I said, because we had a
11 single window approach with our custom people, we have
12 access to 100 percent of all of the CBSA, the custom
13 data. CBSA is our custom folks here. So we have
14 access to that. We aggregate that data to give us 100
15 percent of all the shipping lines running into Canada.

16 We have 19 shipping lines into Vancouver. We are able
17 to use that to aggregate and then we work with the port
18 authorities and the railways to give them an advance
19 warning of the boxes that are incoming. So we've
20 moved, sort of, the yardstick there from seven days.

21 The -- is seven days even though we are at --
22 12 days. The moment that those boxes are loaded on
23 ships in Shanghai or Tokyo we can start to track, and
24 of course at 96 hours, that's the ultimate, then we're
25 able to give 100 percent.

1 So that's something we've put in place over
2 the past two years, slowly getting into the practice of
3 that. It took a long time for the private sector to
4 understand fully how to use these things and put them
5 into place.

6 We go to slide 9, again, one of the things
7 that we use these things for now is to measure how
8 resilient is our system. And the resiliency is not for
9 the so-called big event that everybody is expecting on
10 the west coast. It's for the sort of event that's
11 really disrupting the supply chain and especially those
12 supply chains that are extremely sensitive to time or
13 to motive, anything that is to do with a so-called pull
14 system which is the retailers like Costco, some of
15 those guys. So we are now able to really dig into the
16 data and to understand and inform our stakeholders the
17 effect of a stress in the system.

18 And on slide 10, so we are able to narrow it
19 down to various events that are very nature related or
20 accidents. And we're able to inform the people, work
21 with our stakeholders and give them a sense of how fast
22 will the line recover. How fast will you go back to
23 normal? So the resilience for us is one of the lines
24 of work that we're doing a lot of activities right now.

25 On slide 11 we're moving now from -- we did

1 move the past two years, but we're moving now with good
2 data on the export side.

3 Export on slide 12, export is a very
4 challenging task because the unit that you measure
5 export is quite different, if you look at grain or coal
6 or the other commodities. So it's kind of a challenge,
7 but we've tackled that issue now. Now we're moving
8 into -- we've done the first one which is the export of
9 sales and now we're moving into the forest products and
10 the iron ore.

11 Also as far as exports, we have included the
12 border wait times. And I guess as you can see, we've
13 come up with these kind of slogans which is the
14 critical infrastructure needed to move these so-called
15 commodities.

16 And then on page 13, gives you a sense, again,
17 it's the same principle. We tracked that way. Japan,
18 we trained Japan on the -- Japan is a very, very steady
19 customer. China, of course, is growing. So now we
20 have data on the movements there all the way through
21 end-to-end.

22 On page 14 we measure border wait time at 13
23 facilities around the Canada/U.S. borders. Ambassador
24 Bridge, Detroit, and -- bridge -- Buffalo are two very
25 important ones. And so we have now years of data to

1 look at the measurement of that.

2 And if you look at slide 15, it gives you a
3 sense of what we are measuring. So we always take,
4 usually, an approach that we put a sort of time that
5 you expect people to go through the border and then
6 from there we go into the 95th percentile and we
7 measure the economic impact of that activity and the
8 delay.

9 On page 16, so to wrap it up, in summary, what
10 we built is evidence-based information. There was a
11 lot of anecdotal stuff we came across, but we built it
12 on a -- it's built on a partnership with the various
13 stakeholders. This is a known regulatory approach. We
14 use data that exists out there. We've partnered. We
15 signed nondisclosure agreements with all the partners
16 and we shared such a -- with the same partners.

17 It's been very useful to us in terms of being
18 able to find the bottlenecks, the impediments, the
19 infrastructure issues that we're looking at in terms
20 of looking at down the road where we are in fact
21 focusing our attention. And I think, you know, as I
22 said, once we -- as the commodity they tend to work
23 very well. It's when the handshake takes place there
24 seems to be a major issue, or when there is a sort of a
25 bit of a hurdle to get over, like a bit of a hump, like

1 data crossing, some of those issues.

2 And we're working very closely with the small
3 or medium-sized businesses. We have designed a tool
4 that we now give information to the CME to the SME to
5 access information on overall trends of time, data wait
6 time. Those very small businesses tend to have no
7 access to that information. So we sort of made it a
8 very, very simple tool to give that access. We worked
9 with the association on that.

10 The resilience issue is becoming a big thing.
11 We tried to work with Asia, Japan at the moment, to
12 try to exchange information on any time there is a
13 disruption in our supply chain we go to our embassy in
14 Tokyo and inform the minister of trade in Japan as to
15 what's happening there.

16 Yeah, for us internally, it's been a great
17 project inside the Government of Canada. We have
18 partnership inside. We have information dissemination.

19 And if you go to the last slide, our web portal, so
20 the Fluidity web portal is a tool we use. So access is
21 given to various analysts at the Department of Foreign
22 Service and International Trade, public safety, and
23 some trade associations, and, of course our
24 stakeholders -- port have access to that. So it's a
25 very simple tool to use that provides on a monthly

1 basis all of the changes to the performance.

2 So that sort of does it. Sorry it took so
3 long, it was just to make sure -- I know you must
4 probably all ready go to the food section now. So --

5 (Laughter.)

6 MS. RUIZ: Louis-Paul, thank you very much for
7 that information. And I should have probably cued that
8 up a little better. So with the committee that we're
9 working on, we're also looking at performance
10 measurements. And so the reason why we wanted to
11 invite Louis-Paul in is because we wanted to give you
12 an example of how to do it right. And I, speaking from
13 personal experience, working at the Port of LA, I think
14 Canada has gotten it right. And as a matter of fact,
15 you know, they're some of our biggest competition now.

16 So we wanted to give you an example of some
17 performance measurements and walk you through how they
18 did theirs. So thank you so much for that
19 presentation, Louis-Paul.

20 MR. TARDIF: Okay. Thank you very much.

21 I will take any questions.

22 MR. LYNCH: One quick question. Have you had
23 a chance to look at this from an environmental
24 perspective too and taking a look at some of the
25 environmental implications over the next few years and

1 how it might affect this? Is that part of the
2 analysis?

3 MR. TARDIF: Yes, we have designed a --
4 there's other. You go on the last page, the Fluidity
5 web portal, on the far right-hand side on the top, this
6 is the menu. There is a carbon footprint calculation.

7 MR. LYNCH: Excellent.

8 MR. TARDIF: For all the supply chains we
9 calculate a carbon footprint.

10 MR. LYNCH: And does that include also the
11 change in climate, you know, the melting of the
12 permafrost and impacts on the trade routes and those
13 kinds of things?

14 MR. TARDIF: No, no, we don't. We don't look
15 at the -- that far, now. What would did is to provide
16 an idea of the carbon footprint and we do that on a
17 yearly basis because it doesn't change much.

18 MR. LYNCH: Thank you. Lance.

19 MR. ADISE: Louis-Paul, this is Russ. You had
20 mentioned at one point that Transport Canada is looking
21 at using a tool to identify the impacts of trade
22 agreements and other overseas trade changes on the flow
23 of freight in Canada and what the impacts of different
24 provisions would be. Could you mention that a little
25 bit?

1 MR. TARDIF: Yeah, we have that in place using
2 this approach there's going to be a tool that we will
3 be using in many aspects of our analytical work and one
4 of those pieces is going to be to look at the impact of
5 trade agreements. We just signed recently one with
6 South Korea, you know, look at the impact of that from
7 two angles essentially.

8 One, of course, on the infrastructure and two
9 on the supply chain. And the supply chain that we're
10 looking at, what those trade agreements -- zero, at any
11 rate all tariffs, or almost all, so there are existing
12 supply chain that was an increase of -- in traffic.
13 We're looking at it to see the impact and the impact
14 should be less. But the ones we're focusing on are the
15 infrastructure of requirements for the commodities
16 which will be creating new supply chains. And these
17 are going back, for instance, for us with the South
18 Koreans automotive sector, like the cars, that there
19 will be elimination of the tariffs on those cars. That
20 means that they will be an inflow now. Where are these
21 cars going to be coming in? That's the key question.
22 Do we have the infrastructure?

23 So we're considering three different angles.
24 That means the infrastructure yes, but existing supply
25 chain and new supply chain. We're looking at the South

1 Koreans, we're looking at the TPP, at the TransPacific.
2 We've been looking at them We know all the details.
3 And, of course, we have one agreement that's just about
4 to be, hopefully, signed with the European Union.

5 So that is a -- plan to use in the measurement
6 of some of those things. We are covering many
7 applications -- surprised by the applications that
8 these can be applied to, infrastructure, and review of
9 people coming to us asking for investment into specific
10 projects. Now we can finally come down and say, okay,
11 what sort of key matrix can we look at to see if in
12 fact you have a capacity issue or not? Is that a good
13 answer?

14 MR. LYNCH: Thank you.

15 MS. RUIZ: Yes.

16 MR. SMITH: I have a quick question for Louis.

17 How has Transport Canada looked at transportation
18 costs as a performance measure that affects supply
19 chain movements?

20 MR. TARDIF: We don't. We did look into it
21 in the first three years, but because of the nature of
22 the confidentiality of the contracts, we had to stop.
23 We have internally the data to be able to look at
24 costs, but we stopped because our partnership with the
25 stakeholders would have been in jeopardy if we had

1 continued.

2 Cost is a very sensitive issue and in some
3 trade lanes there are -- you can almost see what was
4 going on. Let me stop here.

5 MR. VILLA: Hey, Louis-Paul, this is Juan
6 Villa with TTI. Can you explain or elaborate a little
7 bit more your working within the other Canadian
8 agencies. You mentioned Canadian Customs, but also did
9 you work together with the equivalent for Department of
10 Commerce or other agencies?

11 MR. TARDIF: Yes, for us that would be the
12 international trade. So, yes we -- at the moment what
13 we are is all of the Canadian trade commissioners that
14 are posted abroad, some in the U.S., there's 145 of
15 those trade commissioners and their staff. All of them
16 have access to the web portal. So when they go meet
17 with people they can -- it is very, very useful in the
18 last crisis that we had on the movement of grain with
19 our embassy in Tokyo.

20 So all of our trade commissioners have access
21 to our web portal and they can dwell into -- they can
22 get into some issues. It has been very useful as well
23 -- we have a business investment bureau within our
24 international trade group. It's a very small division
25 and it's been very useful to them in two out of three

1 cases where companies would come in and look at Canada
2 as a place to invest.

3 Of course, people are always looking at North
4 America as a marketplace. The issue of border
5 crossings is always an issue. So that was useful to
6 sort of demystify a little bit that myth. Not that it
7 was bad, but at least it was evidence-based. People
8 could look at days and weeks and hours to see how the
9 traffic was in fact impeding the flow at the border.

10 So our measurement is different than what the
11 border security project is going on now. The custom
12 people, the more measure the of flow of traffic. We
13 measure the wait time using geo-based information and
14 we take it more from the supply chain.

15 It's been used a lot and at the moment we are
16 just about -- I think it's going to be done hopefully
17 next week -- international trade people, all of the
18 personnel of international trade, which is smaller, of
19 course--we are a small country--will be trained using
20 our tool. It will become a good training program.
21 That supply chain would become part of the lexicon.

22 MS. RUIZ: So I think Russ had one thing he
23 wanted to add.

24 MR. ADISE: Louis-Paul, thank you very, very
25 much, we appreciate it. I just wanted to mention

1 something that Nicole Catchikidas (phonetic) who you
2 know had asked me to mention. She wanted us all to
3 mention the extent of the partnerships we've all had
4 between you and us and the Department of Transportation
5 on fluidity issues and that we are advancing North
6 American concepts as a result of our TRB workshop on
7 freight fluidity. The various work that's been done
8 through the various committees so far, the I-95
9 corridor coalition and others.

10 And that leads into some of the work that Joe
11 and Lance have been doing on identifying the types of
12 data that can be used for supply chain infrastructure
13 measurements and performance measurements both in the
14 availability of the data and the type of data that can
15 be used. Joe has been working on this quite
16 extensively. But Cynthia that's just a lead in to what
17 Joe and Lance, I know they wanted to make a
18 presentation about.

19 MR. TARDIF: And I think that Nicole has
20 access to our web portal. We've also given you access,
21 I believe.

22 MR. ADISE: Yes, you've sent me the access
23 information. Yes.

24 MR. LONG: This is David Long. Let me try to
25 draw this together and make sure we understand what the

1 recommendation looks like. I think we've got something
2 really good to work with here. The basic idea is we
3 have something fundamentally different from the other
4 recommendations that have gone forward, say in the NFAC
5 and other places through its focus on supply chain
6 approaches to things.

7 So the recommendation would say in effect, we
8 want to apply supply chain techniques, see things end-
9 to-end. The recommendation that we saw already
10 identifies a subset of key indicators that make sense
11 within that. And the underlying argument is that not
12 only are these useful, but they draw from real world,
13 real live experience. One is the Freight Fluidity
14 model that we've just heard presented here. This is a
15 technique that can be used to apply the supply chain
16 concepts to deal with those kinds of measures
17 successfully.

18 The other part that was mentioned a minute
19 ago, the question -- this goes back to the different
20 dynamic supply chain mapping and selection of the exact
21 criteria for this, that's the second underlying piece
22 of data or dataset that goes with it. So the resulting
23 recommendation then would be a supply chain approach
24 end-to-end, identifying certain particular measures to
25 use and then providing with it background materials

1 that demonstrate not only the, you know, this makes
2 sense logically, but they're also things that have been
3 know to work in the real world.

4 So it would be a letter plus a set of
5 attachments that present that in some way.

6 Is that a fair presentation?

7 MS. RUIZ: That is very fair. So are you
8 going to write it all up and then we'll vote on it?

9 (Laughter.)

10 (Simultaneous conversation.)

11 MS. RUIZ: So my question to you is, because
12 we do want to have the recommendation voted on in
13 September, what's the best mechanism for the general
14 committee to have input into this?

15 CHAIR BLASGEN: So the question I have is, is
16 this document intended to be the essence of the
17 recommendation? Okay.

18 MS. RUIZ: And I think David just did an
19 excellent job of summarizing it.

20 MR. LONG: And we would set it up in a way
21 that had the other attachments to it.

22 MS. BLAKEY: Can I just add something to what
23 David just said? Because I think that the piece that
24 you took it up to basically through the third bullet,
25 but then we are directing these various levels to use

1 the tools developed for investment decisions. And that
2 would be a directive basically to DOT, but it would
3 also ultimately have carryover to other agencies and to
4 Congress. And then hopefully have applicability at the
5 state and local levels as well. So I think we don't
6 want to leave that part out of our, you know,
7 comprehensive understanding of the recommendation.

8 And just one last thing that we don't touch on
9 here, but I did hear very clearly in the presentation
10 of the Canadian model, and that is that the opportunity
11 further, beyond that, is to use the tool as basically a
12 selling tool for competitiveness in relations with
13 other countries.

14 MR. LONG: It sounds like it also has some
15 applicability for the presentation in assessing what
16 we're doing in the negotiations and their
17 implementation.

18 MR. SMITH: I would urge that the full
19 committee and even the subcommittee to relook at some
20 of these draft recommendations over the next couple
21 weeks and months because it asks for three very
22 specific supply chain measurements, travel time, travel
23 reliability, and costs. And you just heard from the
24 Canadian example, that's not even one they use.

25 And it takes those three specific

1 recommendations and asks for a broad application
2 against all public investments, all public agencies,
3 all levels of government. I think that that's a pretty
4 broad application for some three very specific
5 recommendations and I urge the committee to consider
6 that and flesh out how this might actually be applied.

7 MR. STEENHOEK: One thing that -- I mean, I
8 know that I represent just one particular industry, but
9 a project that we are nearing completion on--will be
10 released this summer--is analyzing the movement of
11 soybeans from two locations in the U.S. One will be a
12 rail movement in the Pacific Northwest. One is going
13 to be a barge movement down to terminals in Louisiana
14 to nine different international destinations, Europe,
15 Asia primarily. And then comparing that to two
16 movements of soybeans from Brazil, one movement from
17 Argentina, to those same international destinations
18 looking at three variables; the cost differential, the
19 transit time differential, and what's most difficult is
20 the predictability.

21 You can measure cost pretty effectively. You
22 can measure the number of days from point A to point B.

23 But I really wanted the researchers to focus on
24 predictability because that's one of the important
25 stories to tell as well. So, ultimately if the

1 research is done according to what's in my mind's eye,
2 is you're going to have a series of pie charts that
3 basically express, if you, customer are expecting to
4 receive a shipload of soybeans on this particular day
5 within which time horizon will that be received? The
6 same day? Hopefully the U.S. is going to be a big
7 segment of that pie chart, and which experience tells
8 us that it is. Within a week, within two to three
9 weeks? For Brazil, you know, you're going to have it
10 some more scattered. Argentina it's going to be more
11 scattered.

12 So it's not only talking about that cost
13 differential, that transit time differential, but also
14 that predictability differential. And that's pretty
15 tough to ascertain. But I'll share that with you
16 because, again, just one specific industry, but there
17 might be some lessons that you can derive from that as
18 far as what was the methodology employed, could it be
19 applied to other industries?

20 (Simultaneous conversation.)

21 MR. WISE: Could I just add something that may
22 be responsive to Chris' point? This almost seems like
23 listening further to how the Canadians have used it and
24 could become a policy assessment tool. Maybe this is a
25 baton that the Department of Commerce should run with.

1 Do it for your own purposes, do it for some selective
2 supply chains that are particularly important to our
3 international competitiveness. Don't boil the ocean.
4 But those are all indicators or litmus tests or
5 canaries in the bird cage where you have delays. And
6 that would be guidance for investment. But get
7 something up and running selectively. You can't do it
8 to cover every single highway in the U.S., but pick
9 some good ones that are important to the trade
10 negotiations, get something and keep going at it.
11 Maybe it's something that Commerce runs with, but not
12 DOT.

13 MR. LONG: The thing would be teed up for our
14 Secretary to do something with. That would be an easy
15 starting point.

16 I guess the fundamental question right now, I
17 mean, this doesn't look like something that could be
18 rushed to an overnight conclusion to do in July, but
19 the question, I think for the group is, how comfortable
20 are you with basic concept, relying on these types of
21 tools? Does this look like something we want to, as a
22 group, see go forward and be the basis for a final
23 document to look at?

24 MR. BRYAN: Before we get into this, don't we
25 want to show some of the actual results we're getting

1 here?

2 MR. LONG: Let's do that. Let's -- maybe we
3 should also grab some sandwiches to eat while we do
4 that.

5 MR. BRYAN: Do you want to talk first, eat
6 first, or do both at the same time?

7 (Simultaneous conversation.)

8 CHAIR BLASGEN: Louis-Paul, did you have
9 another comment?

10 MR. TARDIF: Just to add to the comment what
11 we have done about specific industries. We've done
12 specific work with each sector. So we have, for the
13 past two years, done a lot of work with automotive,
14 we've done work with the sales. So we do use the
15 engine that we have of the data. The industry adds the
16 costs, because they know what is their cost. We
17 provide them with data that don't necessarily have
18 access easily. And we ran models to predict what would
19 be scenario A, scenario B, because we have the
20 variability aspect.

21 So, for instance, we spent about three years
22 on mathematical models on the variability to finally
23 arrive at what we thought was -- and of course we have
24 certain tools inside that all industries have access
25 to. So it depends. But I think this a great way to

1 validate the tools when you work with specific sectors,
2 and essentially do the part and lead the industry to
3 the report and they put in their costs and they put in
4 their own factors. But it's where I think the rubber
5 hits the road when you really are working intimately
6 with some sectors. That is something that we very much
7 like to do and we keep doing it all the time.

8 MR. ADISE: Louis-Paul, thank you very much.
9 That is is Russ, I just wanted to comment again on the
10 assistance that you've been giving to DOT, especially
11 Federal Highways and a variety of states and so forth,
12 variety of states and NPOs who are looking at ways to
13 measure freight fluidity. I'll mention that we just
14 concluded a transportation research board workshop on
15 freight fluidity at which you presented and Joe and
16 Lance presented, and DOT is looking at the results of
17 that to try to understand how we can all develop a
18 freight fluidity measure for the United States and in
19 the United States.

20 There are measures of magnitude -- orders of
21 magnitude to be ironed out, and the availability of
22 data of course is a bigger issue for us than it is for
23 even Transport Canada. But you provided an excellent
24 example to all of us as a way to use these types of
25 supply chain performance metrics to understand not only

1 the impacts on the infrastructure, but also the impacts
2 on a variety of other measures --

3 MR. LONG: Let's return to the question on the
4 floor for a second here. We can either look at the
5 data on the supply chains now or we can do it after we
6 eat, or we can do both together. What do you guys want
7 to do?

8 PARTICIPANT: I vote both.

9 PARTICIPANT: Together.

10 MR. LONG: All right. Let's set up the slide
11 and grab some food and do the whole thing and hear the
12 whole story.

13 (Whereupon, at 12:54 p.m., there was a brief
14 recess.)

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A F T E R N O O N S E S S I O N

(1:05 p.m.)

MR. LONG: Everybody, we're reconvening.

Let's turn the stage over to Joe and Lance to
hear the --

(Simultaneous conversation.)

1 **FREIGHT POLICY AND MOVEMENT DEVELOPMENTS**

2 **Lance Grenzeback. Senior Vice President**

3 **Cambridge Systematics**

4

5 MR. GRENZEBACK: Good afternoon, if you'll

6 allow me to stand up. Sitting still and being polite

7 for long periods of time is a bit trying, so I'll take

8 the opportunity to stand.

9 I'm Lance Grenzeback of Cambridge Systematics

10 and Joe Bryan and I are going to give you a very brief

11 update on the work we've been doing.

12 Many of you are familiar with the general

13 concepts. For those of you who are new to this, this

14 will be a very brief overview, but if you have more

15 questions, I think Russ can provide a longer briefing

16 package that we can talk to outside.

17 What Cynthia emphasized and I believe Louis-

18 Paul also emphasized was that paying attention to

19 supply chains is very important and really quite

20 critical and that's what the subcommittee has been

21 arguing about. And the reasons we're arguing, they're

22 important because if you think of a supply chain as a

23 path over which you make a freight trip, make an end-

24 to-end shipment, very often the supply chains are

25 hosting repeated trips, freight trips, again, again,

1 and again. And what we're really interested in is
2 ensuring that that trip is made. Because the economic
3 value is in making the trip, you know, getting the
4 shipment from end-to-end. And what we want to know is
5 what's the performance of that trip? Is it
6 deteriorating and therefore costing you jobs and money,
7 or is improving and therefore making you therefore more
8 competitive out there?

9 So the question is, you know, how well can you
10 measure performance? I think Louis-Paul has provided a
11 particularly good example. The answer is yes, you can
12 do it.

13 The sort of broader question is, well, you
14 know, if you're looking out at what we do in the United
15 States -- now the Canadians, I know I'm pointing out,
16 are very logical and collegial and put something
17 together like he did that works quite well. The
18 question we were sort of exploring is what does it take
19 to do that here and things like that.

20 If you look out there, what you will find is
21 the highway agencies, the railroads, the motor
22 carriers, the ports all do a quite good job of
23 performance measurement of their own operations or
24 their own systems. But if you say, well, how good a
25 job do we do at measuring the performance of the

1 overall trip as it crosses those networks, the answer
2 is, most times individual companies do a very good job
3 of it. But as the public sector, we don't. We don't
4 see the whole trip from end-to-end. And the question
5 is, would you be able to sort of see a pattern of
6 performance across an industry or a across supply chain
7 that could alert the public sector to problems or help
8 them actually stitch the answers together.

9 We make transportation investments on one end
10 and we estimate-- and I have done this -- the economic
11 value on the other. But the question you really want
12 to answer is does the investment improve the trip and
13 does the trip improve the economic performance. And
14 for the public sector investment, policy and projects,
15 that's really critical.

16 So that's what we've been looking at. So if
17 we can have the next slide just for background.

18 So the objective when we started this work, we
19 had discussed this whole concept with measuring the
20 trip. Nicole and her colleagues from the Office of
21 Federal Highway, Office of Freight said, yeah, that
22 sounds very good, you know, can you do it? Can you put
23 your money where you mouth is? They found some money
24 and we got Mary Grace Parker at the I-95 Corridor
25 Coalition who supported a lot of work through her

1 committee who provided a contract agency. So they
2 said, okay, go out and try it.

3 Next slide, please?

4 What we did, as many of you remember, we
5 picked five, six areas to look at. Different sectors
6 of people who were interested in both for the
7 international and export as well as local, both of
8 those, and we got volunteers, Rick Abramson from Target
9 who is on the committee volunteered to let us use his
10 supply chain from LA to Chicago to New York as a
11 stalking horse.

12 We did not ask these people to give us their
13 information. We just said, draw us a map of what your
14 supply chain looks like, or help us pick one that looks
15 representative and we're going to try to put together
16 the data from the public sector side and come back to
17 you. And he said, I'll let you know whether you've got
18 it right or wrong. So we picked each one of these.

19 So we looked at a retail thing using Target as
20 a stalking horse. Joe has been working and looking
21 with GM, looking at auto movements in their plant in
22 Tennessee. We worked with Purdue to look at movements
23 of processed chicken from the Delmarva area up to the
24 Mid-Atlantic, New Jersey markets. We worked with Mike,
25 some of his folks, looking at soybean exports from

1 Illinois through the Louisiana port. And we want to
2 look very specifically at the border issues, so we
3 looked at a Panasonic move between San Diego and
4 Tijuana.

5 We're not going to sort of repeat all of these
6 today. If you would like to go into each one of those
7 in some more detail, we can do that. We're probably
8 70, 80 percent of the way through the work we
9 envisioned, so you're going to see a few pieces of our
10 completely cooked -- but I think the bottom line is for
11 us I think we can reasonably say, yes, it's feasible.
12 But not without some work.

13 Next slide, please?

14 We narrowed our scope a little bit in this
15 initially. We said we were addressing the performance
16 of supply chains. We're not addressing the individual
17 performance of modes, networks, or we're not
18 calculating the environmental and economic impacts.
19 Those can be done and other groups have proven they're
20 out there. The railroads and highway agencies do the
21 kind of network performance very well. What we're
22 looking at, again, is the total trip. That's the
23 missing piece, the other shoe.

24 We are basically constraining ourselves to
25 looking at the performance of transportation on what I

1 would call the public or quasi-public links and modes.

2 So we're looking at how well does it move across a
3 port, how well does it move on the highway or rail?
4 But we're not trying to get inside some of these
5 warehouses or inside some of these distribution centers
6 and saying, how fast are you moving it there? There
7 are lots of variables that go into, you know, I've got
8 it, I wanted to hold it for a week, for sales or
9 something like that. We're not going inside the
10 warehouse to look at it.

11 So we're really looking from a public sector
12 perspective of how the transportation system is
13 working. We're not trying to replicate what Target
14 does inside.

15 We've been trying to pick measures and metrics
16 that are common across supply chains, Colonel Fowler
17 from Menlo and Dean and I looked at what people are
18 using in the industry as well as the public sector and
19 picking those.

20 Then the last thing that I want to emphasize
21 is that what we're talking about at this point is
22 looking at high-level performance of a representative
23 set of supply chains, kind of a market basket, if you
24 will, of supply chains to inform national and, you
25 know, perhaps state policy. We're not looking at

1 trying to replicate the supply chain management detail
2 that an individual company does, or individual carrier.

3 We do not think that that's appropriate for public
4 sector use where you're looking at programs or policies
5 or investment options, it may take some years. We're
6 not doing micromanaging.

7 So Louis-Paul's stuff gets down much closer to
8 that. I think we're looking at something that's a bit
9 higher than that at this point. So it's a public
10 policy and we see where it evolves.

11 Next one, please?

12 We worked early on in looking at five metrics,
13 transit time, basically, how long does it take you to
14 move either over the link or through the mode, the
15 reliability of that. We've settled for the moment on
16 using a 95 percent travel time. So you're looking at
17 average and then you're saying, 95 percent of the trips
18 are made within X for hours.

19 We did look at safety and we did look at cost,
20 and we did look at risk as Cynthia notes, we're going
21 to basically suggest that we start with travel time,
22 reliability, and cost because we believe you can get
23 ahold reasonably with representations of those today.
24 We can add others as we get more sophisticated in it.

25 Next one.

1 Okay. Joe is going to talk through a couple
2 of them and then we'll come back and do a quick
3 summary.

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FREIGHT POLICY AND MOVEMENT DEVELOPMENTS**Joseph G. B. Bryan, Principal Consultant****Parsons Brinckerhoff**

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5 MR. BRYAN: So I'm going to walk you through a
6 couple of the examples that we've put together. The
7 key thing to see is what you're looking at are wide
8 examples that come from real companies with their real
9 supply chains. The data then that we associate with
10 them will come from public and commercial sources. So
11 the idea is that we are walking a line between
12 confidential information and attainable information.
13 So you're looking at real things that people are
14 willing to let us know as representative of what
15 happens in the nation mixed with data sources that
16 people are going to be able to work with.

17 So our example first is the big box supply
18 chain coming out of Target. They gave us many choices.
19 This is an example. We wanted to look at a
20 transcontinental movement. One of the key things that
21 they emphasized is that when they're talking about
22 import goods, which is what we're talking about,
23 containerized import goods, that under no circumstances
24 are they dealing with a single port. That they always
25 want a portfolio of ports in order to control their

1 risks.

2 So you actually have some risk management
3 built into this in the first place. And then what you
4 have, if you look in the upper left-hand corner, you'll
5 see the starting point in Seattle, and then the lower
6 right-hand corner you'll see the blowup of that. So
7 what we're tracking is, the box hits the port, gets
8 drayed over to an import distribution center, gets
9 drayed from there, gets stripped and consolidated, gets
10 drayed over from there to the rail head. The rail head
11 then goes across the country, via Chicago, back up to
12 the east coast and then the east coast, what we're
13 looking at is hits the rail head, drays over to a
14 regional distribution center, and delivered by truck to
15 the stores. So that's the profile.

16 Next slide.

17 So the breakout is as follows. We are picking
18 up some, not all of the data in this particular
19 display. Let me explain a couple of those. The first
20 is that what we're going to be displaying are results
21 for truck movements. We're going to be doing them in
22 three different ways. One way is we are looking at
23 data coming from the American Transportation Research
24 Institute, an arm of the ATA, who collects satellite-
25 based tracking data. It's real data, it's hard data,

1 it is good. We are using that in some of these. The
2 second method we're doing is we're using a public data
3 set derived from the entry data in the so-called here
4 dataset that the FHWA is producing that Nicole
5 supervises. That's the same data in a sense, but there
6 are limitations as to what you can do with it that when
7 you are working directly with -- we can overcome. And
8 then the third sources is, what do you do if you don't
9 have either one of them? That's the one I'm going to
10 show you.

11 What we've got here will be the -- times for
12 the dray moves from the port into the import DC. The
13 dray move over to the rail head and then the reverse on
14 the other side. The way we've done this on this
15 example is we've taken the -- we've gone into Google
16 and ran out their expected time. You might say how
17 good is that number? If you've been paying attention
18 to what Google has been doing, they're using the wave
19 data that they're getting, which is crowd source and
20 they're actually giving you adjusted figures as to how
21 long transit time takes that's based upon live
22 experience. So it's not such a bad number.

23 So we're using that as a starting point,
24 that's something anybody can put their hands on. And
25 the second thing that we've done is we've looked at the

1 route that's followed and we then applied a buffer time
2 which is derived from data that Juan's group, Texas
3 Transportation Institute puts out in its annual urban
4 mobility report which gives you a 95 percent buffer
5 factor. So what we did is we look at what's the
6 average transit time and then we look at the 95 percent
7 factor and you blow that up off of a portion that's
8 exposed to congestion. And that's where you come up
9 with the figures.

10 So the left-hand side comes straight out of
11 Google, the right-hand side is that adjusted for the
12 buffer time. And you can see how much larger the
13 numbers get.

14 The other thing that's not here and that comes
15 next is we have not plugged in the rail figures.
16 You'll see some notes at the bottom about where the
17 rail figures will come from. We have to negotiate
18 this, but there are three different sources that
19 collect this kind of information and we will be able to
20 get that negotiated and fill in the rest of the
21 figures.

22 You can see the breakdown. The whole idea
23 here is to be able to look at the segments, the stages
24 of travel so you see the whole picture. You see what
25 the end result is, and you see where the variability

1 issues lie.

2 Next slide.

3 We're doing the same thing from the LA Long
4 Beach side, so we'll get both paths on their way to an
5 east coast delivery.

6 Next slide.

7 Clearly we're moving you along here pretty
8 quickly. So the next example is auto parts supplies
9 from the General Motors automotive plant, assembly
10 plant in Spring Hill, Tennessee. In the example we're
11 going to show you there are actually -- there are also
12 two routes. Because of the car that's being made in
13 Spring Hill, it's actually a platform that's mainly
14 being made up in Canada. And so they're using a lot of
15 part supplies out of Canada. And General Motors says,
16 I've got two main sources that are feeding them. One
17 is coming out of Ontario, the other is coming out of
18 Detroit. And so we're tracking both sides. And so
19 these are full truckload movements. They have other
20 types as well, but the principle one is a full
21 truckload movement, coming out of Ontario or coming
22 down from Detroit.

23 Next slide.

24 This data comes straight from ATRI. So ATRI
25 is following individual trucks, multiple individual

1 trucks as they progress across this route.

2 The top number, the top line is just a full
3 ODD number. What's the total travel time and travel
4 time varied delay for the entire route? What we really
5 want is want to break down the parts. So what we're
6 beginning to get on the bottom side, and ATRI is
7 working on the rest of it, is to break the move apart.

8 Because when we're coming across from Ontario we're
9 crossing the Ambassador Bridge. And then we're
10 continuing down into the U.S. and any time we're going
11 through a gateway, you want to be able to isolate the
12 gateway. But we are able in the ATRI numbers to be
13 able to break that apart. So there working on running
14 the figures so we can.

15 But what you'll see at the top is the total
16 through time and what you'll see on the bottom is the
17 time from the Ambassador Bridge South. So you can kind
18 of interpolate between them.

19 But there's another interesting thing that's
20 going on here which says something about how you
21 interpret data. So if you look at the reliability
22 factor which is, as we've said, is the 95 percent
23 factor, 95 percent of the trips get accomplished in
24 that timeframe.

25 Next slide, please.

1 If you look at the averages, you actually have
2 a bi-modal distribution. You have one cluster around
3 the nine-hour figure and another cluster that's in the
4 like 26. Why is that happening? Five hundred and
5 sixty-seven miles is why that's happening. This
6 relates to driver hours of service.

7 You have a fresh driver. He's starting his
8 work day. He's got about an 11-hour shift. And he's
9 just getting going. You can do that run in nine hours.

10 If the traffic is good and the driver's log book is
11 clear. The driver has already used up part of his work
12 day, or it's significant, you -- at the bridge or
13 elsewhere, he's out of hours and he stops. And that
14 means you pick up almost at the better part of another
15 day on the travel time. So that's a useful factor to
16 incorporate in how we look at these numbers.

17 Lance, next slide?

18 MR. GRENZEBACK: Very, very briefly, before we
19 wrap up, the last example we show here is moving
20 chicken parts from Purdue's production facilities on
21 Delmarva to the New Jersey/New York markets. And what
22 we're looking here is primarily a highway trip.

23 Next slide, please.

24 What we did there, if you're familiar with
25 INRIX or the new group here, or the -- traffic.com.

1 Well they are now producing travel speeds for
2 individual highway segments and pieces of interchange.
3 So it's a mile here, a mile here, a mile here. We're
4 beginning to build huge databases at the federal and
5 state level of historic data on those. So you can
6 begin to go in. You turn the computer on at night and
7 let it run and see what happens in the morning, but
8 what you're able to do is basically say, I want to
9 start on this segment, go this segment, this segment,
10 this segment, and that is segment, and do it by time of
11 day, 6 a.m., 12 noon, 3 a.m., so you link all that
12 together until you get information, if you have the
13 patience, to project not only how long it's going to
14 take that trip, but what the reliability is and you can
15 see that by day of week, week of the year, seasonal,
16 things like that. There's a huge database out there to
17 be mined. It's all public sector available now.

18 And what we've done here is just look at what
19 -- if you're moving up the coast, things like that,
20 you've got that trip would typically take you five and
21 a half hours. On a bad day it will take you six and a
22 half hours. So reasonably reliable. You can begin to
23 break that down into what happens during a snow storm
24 or holiday travels. But the data are out there.

25 Next slide, please?

1 This is Mike's favorite one. If you ship from
2 the orient down to New Orleans --

3 Next slide, please?

4 You can do the same thing, you can pick up
5 truck travel time from a farm outside in El Paso,
6 Illinois moving basically an hour into -- and barge
7 moves. Ned Mitchell with the Corps of Engineers is
8 beginning to do the same thing with barge movements on
9 the U.S. waterways that we're doing on the highways,
10 you go back and construct the travel times down to
11 Houston or across the waterways. And so you've looking
12 at eight days with a plus or minus three or four days
13 depending on what you stop to pick up. So on both the
14 highway, the rail and the waterway, you can begin to
15 piece things together.

16 Next slide.

17 So, very quickly to sum up, and I think you've
18 heard this both from Louis-Paul and from us, you know,
19 you can. You can measure high-level performance of
20 representative supply chains. And the metrics are
21 pretty common across. The ones we are looking at are
22 travel time, travel time reliability, you know, some
23 assembly is required, but we're getting smarter at
24 that. And as the computer power increases, the data
25 increases. Big data is crunching.

1 Safety data are available. The states keep
2 data on fatalities and injuries by road segment. And
3 you can go say, what's the exposure per million miles.

4 The trouble is, they don't tend to aggregate it neatly
5 for our purposes. They report it for all interstates
6 in the states, or, you know, state highways. It's
7 there. The question is whether we want to dig it out.

8 And you certainly could over time.

9 Cost data are there. I think you can get
10 reasonably good estimates that are not individual
11 company, not proprietary, not confidential from
12 sources. What you're doing on -- we're recommending is
13 not tracking individual companies, you're looking at a
14 representative market basket of travel times and costs
15 for an industry in a geographic area. So we're not
16 talking about penetrating anybody's corporate secrets.

17 And then risk data being -- and we spent a
18 good deal of time looking at that. It's available, it
19 can be estimated, and that may be something you want to
20 do kind of a Delphi group looking at a supply chain and
21 getting carriers and shippers to say on a routine
22 basis, yeah, the risk on this one is relatively low or
23 it's going up. We do that for manufacturing indexes,
24 the whole series. So that can be factored in.

25 Last slide.

1 So one of the questions that people ask us is,
2 you know, after you get through with the large picture
3 and the feasibility on it, is there any work that
4 remains to be done? And so we certainly said yes. I
5 think as you heard from Louis-Paul, it takes a little
6 bit of effort to pull this stuff together.

7 We're going to want to spend time looking at,
8 you know, do we have a good definition of reliability?

9 Do we want to look at every day, or do we want to look
10 at seasonal variations of soybean shipments for fall or
11 early winter? Do you need to look at reliability of
12 that supply chain only in the fall or the winter or
13 year round? Lots of choices there. You want to make
14 sure it's accessible nationally.

15 Urban areas, as we said before tends to be the
16 black box. How do we make that last mile, what's it
17 take? It's getting better, but it's very complex and
18 not very costly. And then risk is out there.

19 The questions for this committee and, you
20 know, for next steps if we wanted to plunge into this,
21 will be we did five really easy, really simple ones for
22 proof of concept. And Louis-Paul had a nice one, he
23 goes from Prince Erbert straight across. When you go
24 out and look at the U.S. supply chain patterns and Carl
25 Fowler over here could give you a good map, it's just

1 God awful, complex and you don't want to drown in it.
2 So the question is, how much is enough to inform public
3 policy decisions and to get public investment thinking
4 about supply chains without duplicating what goes on at
5 the individual company level?

6 Louis-Paul also mentioned the whole series of,
7 "public and private sector applications". People use
8 this information once it's out there and wants you
9 think it's credible. So we think both for sort of
10 public investment and policy, sort of informing those
11 decisions, as well as for some of the private sector
12 uses, when it's out there, we've heard the Canadians,
13 they're using it both for marketing. But people are
14 calling up and saying, you know, I'm not Target. I'm a
15 small supplier, what should I expect as a reasonable
16 time? What can I use to negotiate? I think eventually
17 that helps improve the competitiveness of the supply
18 chains and others. So that's where we are today.

19 I think DOT and people with Federal Highway, I
20 don't know if Nicole is still here, but have been very
21 supportive and very productive. I think they're very
22 interested in seeing how you move this forward and what
23 you can get. I think what that is group can do is
24 begin to say, you know, how much is enough and, you
25 know, what's the dividing line in between? What can be

1 better generated by the private sector? And what's
2 adequate for the public sector?

3 Thank you.

4 CHAIR BLASGEN: Thanks. That was terrific.

5 MR. LONG: We have a couple of schedule
6 constraints here. I think we're going to want to come
7 back to this and talk about it in more detail at this
8 meeting. But we have some -- it's important that we
9 get Deputy Assistant Secretary Ted Dean, my boss, to
10 come talk about where we're headed with the North
11 American issue. Then we can continue with the reports
12 and explore this in more detail. I think what we've
13 seen there says that the factual basis, both of the
14 pillars of the factual basis for the recommendation are
15 sound and we should be able to work with that. So this
16 is outstanding. Thank you.

17 Let me just introduce Ted really quickly. Ted
18 has joined us last November. A valuable member of the
19 group. He's pressing supply chain, trade facilitation,
20 and single window issues forward with great success
21 inside the Department. Extensive experience in China
22 in the commercial world, real live business man. It's
23 a pleasure to be working with and for him. Welcome.

24

25

1 **DEPARTMENTAL PRIORITIES FOR NEW ISSUES IN ACSCC**
2 **Ted Dean, Deputy Assistant Secretary for Services**
3 **U.S. Department of Commerce**
4

5 MR. DEAN: Well, it's a great pleasure to be
6 here and see some old friends and familiar faces and
7 meet some new folks here. As David was saying, I
8 joined the Commerce Department back in November. I'm a
9 little bit of a strange animal in this building in that
10 I actually grew up in Washington, D.C. but spent 16
11 years living in China before coming back to join the
12 Department of Commerce.

13 While I was there, I had a consulting business
14 that was working primarily with U.S. companies in the
15 U.S., private equity investors that were doing
16 business. A lot of the work was China focused, but it
17 wasn't exclusively China focused and we had -- India
18 for a number of years. We did project work in other
19 parts of Asia.

20 You know, coming from that and then back to
21 Washington, and back into government, I wanted to move
22 back with a sense of international competition. What
23 is the impact of how we get these things right or not
24 here? Having seen folks, I would argue, perhaps, get
25 them wrong in different ways in other countries, not

1 necessarily get them right. But it is a competitive
2 marketplace out there and I saw that play out with my
3 clients and others there. That's sort of a quick
4 introduction following David's on myself.

5 Since we do have new members and you may have
6 already done this, but could we just really quickly go
7 around and if the new members could say their names and
8 affiliations, I think that would certainly help me and
9 it might be a nice reminder for some of you who are
10 still trying to connect with all the new folks. Could
11 we just quickly go around and do that, at least the new
12 members?

13 MS. MELVIN: I'm a new member. Tiffany
14 Melvin. I'm the Executive Director of North American
15 Strategy for Competitiveness. It's a tri-national
16 coalition in Canada, U.S., Mexico, government,
17 industry, educational institutions, universities,
18 community colleges, and we focus on the competitiveness
19 of North America through freight logistics, energy and
20 the environment and skilled workforce.

21 MR. BREFFEILH: Richard Breffeilh, Port
22 Authority of New York and New Jersey.

23 MS. STRAUSS-WIEDER: Anne Strauss-Wieder with
24 A. Strauss-Wieder, Inc. We look at ways of supply
25 chains changing and linking that with economic wealth.

1 MS. REYNOLDS: Gina Reynolds, Florida's
2 Heartland REDI. I represent rural communities.

3 MR. KANCHARLA: I'm Ram Kancharla -- we are
4 the largest port in the state of Florida -- everything
5 from ship -- to cruise to bulk cargo, liquid, and
6 general cargo.

7 MR. VILLA: Hi, my name is Juan Villa, I'm
8 with the Texas A&M Transportation Institute. I'm based
9 in Mexico City and we do applied research in all modes
10 of transportation. Particularly I have been working at
11 the U.S. Mexico Trade and Transportation for 15 years
12 now.

13 MR. LONG: Technically Joe's a new member.

14 MR. BRYAN: I'm Joe Bryan. I've actually been
15 working with the committee for a year, so you may have
16 seen me.

17 MR. DEAN: Good. Well, I'll talk a little bit
18 more about how the work you all have already done is
19 feeding into our work here at the Department of
20 Commerce. But, you know, first thanks to you new
21 members for joining and kind of raising your hand to
22 get involved in this. Thank you for all of the members
23 who have already put a great deal of time and energy
24 into this program. And if I could, and I know this is
25 sort of off message for all of you. But you have a

1 great team working here on your behalf on these issues
2 at the Department of Commerce. So for David and Bruce
3 and Russ, and Jim and John and like everybody in the
4 room, Rich, you are a fantastic team working on your
5 behalf. So I would like to -- they made my life a lot
6 easier and trust me, they'll make yours as well, but
7 you may not see it every day. So I would like to
8 express my thanks there as well.

9 Listen, I think the work that you all have
10 already done in really a short period of time for this
11 committee has already had a significant impact on how
12 the Department of Commerce thinks about these issues.
13 And we just went through a process earlier in the year
14 where we came up with a Department of Commerce
15 strategic plan. It's available on our web site. You
16 can download that and see it. And having seen large
17 organizations' strategic plans from time to time and
18 whatever you might think about how the federal
19 government might do an exercise like that, I think this
20 is a pretty darn good one. So I would urge you to take
21 a look at it and I think you'll see sort of a good
22 sense of what the Commerce Department is focusing on
23 and you'll also see supply chain issues. There's a
24 trade and investment section to this. And supply chain
25 issues in reducing the cost and complexity of moving

1 goods in and out of the United States, call that
2 specifically in the plan.

3 So, you know, your work is very important and
4 that was not just driven -- that's not an ITA,
5 International Trade Administration strategic plan.
6 That's called out at the Department of Commerce level
7 and something our Secretary and our whole building is
8 very focused on. And obviously the work that you all
9 have already done related to single window and the
10 Executive Order has been widely distributed in the
11 Department of Commerce and beyond, the White House and
12 widely recognized for value to that process and also,
13 you know, specifically calling out this committee to
14 play a central role in the outreach that we need to do
15 around single window in the future.

16 Perhaps in the spirit of no good deed going
17 unpunished, I therefore return with sort of more asks
18 for more ways that you could get involved and help us
19 as we think about this in the future. And I wanted to
20 talk today a little bit about some of the work that
21 we're doing around North American competitiveness.

22 Now, as you know from working with David's
23 office here and the work of this committee, we've
24 really tried to take a mindset that might have in the
25 past said, you know, we have a port policy, we have a

1 highway policy, we have an export policy, and really
2 think in supply chain terms. And I think the fact that
3 the Executive Order got done, the fact that we're in
4 the Commerce strategic plan is evidence that that
5 mindset is sort of sinking in which is very
6 encouraging. And so now we're looking, where is that
7 going to have the greatest commercial impact, where can
8 we have the greatest impact for American
9 competitiveness.

10 And I think one of the ways we look at that
11 is, you know, there are certain policy areas, there are
12 certain things Commerce Department is going to work on,
13 that the federal government is going to work on, where
14 the right sort of limiting factor on the scope of the
15 policy is the U.S. border. We get something right in
16 the United States and the U.S. is more competitive.

17 You know, as we think about supply chain and
18 with your input, I think we're increasingly aware that
19 on this particular cluster of issues North America in
20 many ways is a more useful definition to think about.
21 There are going to be certain things that get done in
22 Canada and certain things that get done in Mexico, and
23 how good a job we do at the border is going to have a
24 big impact on North American competitiveness and
25 therefore U.S. competitiveness and have benefits to the

1 United States. And, you know, the often-cited
2 statistics about the U.S. content of an import from
3 Mexico being -- I think it's about 40 percent and I
4 think it's Canada, it's 25. When I saw the statistics,
5 the first thing I wanted to find, well, what's the
6 China number, having spent so much time there. And I
7 can't remember the exact number, but it's a single
8 digit percentage.

9 I don't know if this is on sort of White House
10 talking points for these issues, but frankly one of the
11 ways I look at this is, you know, there are certain
12 activities which are more likely to end up happening in
13 what's thought of as sort of a more developing market
14 like China or Mexico. If we get this right, it's more
15 likely that it's going to happen in Mexico than in
16 China and we're better off because of it. And so, you
17 know, coming from my experience, having lived overseas
18 for a long, that immediately sinks in as sort of a
19 commercial relevance for some of this work.

20 Now, this isn't -- these are things we're
21 thinking about and these are things we're working on.
22 There's already been announcements and focus on this
23 from our Secretary and at the White House and obviously
24 in the North American Leaders' Summit in February 2014,
25 there was already a commitment to look at North

1 American transport plans at the high-level economic
2 dialogue with Mexico. There was already -- I'm not
3 using the PowerPoint slides. I'm terrible with -- 16
4 years as a consultant in China and I left consulting to
5 not have to do PowerPoint anymore. So I'll come back
6 to this slide.

7 In the high level economic dialogue this is
8 called out specifically in our work with Mexico. I'm
9 sure many of you are familiar with the beyond the
10 border work that we're doing with Canada where a lot of
11 this is called out. So how do we think about this?

12 And I think the reason I wanted to sort of lay
13 this out with all of you is this to me is the kind of
14 area where we could do a lot of interesting work. We
15 could do a lot of work that we potentially make a great
16 couple of paragraphs in our Secretary's speech, or, you
17 know, if it was a summit with the Mexican president or
18 the President's speech or something like that frankly
19 might not make a lick of difference for any of your
20 companies.

21 So as we think about this going forward, we
22 really want to make sure that the work we're doing is
23 commercially meaningful. And when -- you know, I'd
24 like it to make a good speech for my Secretary too,
25 that's one of my jobs as well. But, I want to make

1 sure that what ends up in the speech is also there
2 because it's commercially meaningful.

3 And we're very fortunate right now at the
4 Department of Commerce to have somebody who it's -- you
5 know, there's a couple of boxes Secretaries of Commerce
6 typically check. And one, I think, is sort of business
7 chops and this Secretary has run big businesses. And
8 one is political chops and the ability to pick up the
9 phone and call the President, and this Secretary can.

10 And then one is, I think, at a managerial
11 competence and this Secretary very much checks that.
12 And so she's just as focused given her interest in
13 getting the politics right and the business right and
14 having run businesses and the business impact. But we
15 really want to make sure that we capture your input to
16 make sure that the work plan we're developing around
17 these North American issues is relevant and has the
18 right kind of commercial impact.

19 Having murdered the slides that David and
20 others so kindly prepared for me, what I wanted to do
21 is sort of turn back to -- we've put together a few --
22 which slide are we on? Go to the next slide.

23 You know, the punch line of this slide is
24 really what I just said, is at the end of this we need
25 to make sure it's commercially relevant. And the work

1 we're doing matters to your businesses. So, I mean,
2 how do we come up with commercially effective and
3 concrete proposals, supply chain perspective, reflect
4 the advance levels of supply chain integration in North
5 America, so understanding what's already on the ground
6 and how do we build on that and mold that.

7 Solutions to provide a clear set of priorities
8 to address the complex proposals from -- it's the North
9 American Leaders Summit and other forums. So some of
10 the big political statements have been made, which is
11 great because there's political capital we can use and
12 go do something with, but we want to make sure we're
13 doing the right thing with that.

14 So the next few slides, we just put together a
15 couple of framing questions which are, you know, sort
16 of food for thought as we begin to define what this
17 process might look like. But maybe before going
18 through those I would just stop there for a couple
19 minutes and anything David would like to add or folks
20 have questions -- I have also a bad consultant's habit
21 of speaking too fast. So I've learned to pause
22 occasionally. So if folks have -- any question before
23 we go through some of these questions?

24 (No response.)

25 MR. DEAN: The framing questions that we've

1 sort of put in front of you, one around trade and
2 competitiveness, you know, how best to prioritize and
3 carry out the various trade programs from a commercial
4 supply chain perspective. This is, you know, most
5 relevant in the work we're doing around North America,
6 but we also have a significant opportunity and a
7 significant work stream around the trade facilitation
8 agreement and implementation there. There's a lot of
9 work happening there and some of that, I think, can be
10 focused in the North American context.

11 On a freight movement, what should be the
12 priorities for freight planning and infrastructure and
13 some of the research you've just done is very, very
14 valuable for this and just presented.

15 So freight quarter selection, operation,
16 border management, custom processing -- do you want
17 to --

18 MR. LONG: Yeah, this relates directly to one
19 of the concrete deliverables from the North American
20 leadership summit. You all will have seen it from the
21 read-aheads, some of the itemized things. One of the
22 things that's in there for the first time ever is
23 integrated freight planning across all three NAFTA
24 countries. This has never happened before. So this
25 will touch on things like border crossing

1 infrastructure, freight corridor planning, performance
2 measures, infrastructure investment, all the things
3 we've been looking at domestically and starting to look
4 a little more broadly at are going to show up in that
5 as the relationships with Mexico and Canada deepen.
6 These are some of the most integrated supply chains
7 that the United States has with any country in the
8 world. And what the three presidents were looking to
9 do is to up the entire level of that and start seeing
10 this whole thing as a unified whole.

11 The next big one -- we spent a good bit of
12 time this morning talking about the IT and data
13 systems, the single window concept and the rest. The
14 logical extension of what to do with bringing single
15 window to the United States is to understand what
16 happens with the countries who are right here who are
17 our biggest trading partners, to whom there are more
18 flows than anywhere else in the world in the IS ground
19 crossing efforts.

20 So a big part of this is what kind of data
21 systems do we need? What would single window look like
22 for the entire region? What's the interoperability
23 side of that?

24 And with that is also the question of how you
25 pay for all of this. I mean, we've talked, you know,

1 back and forth this morning that the elephant in the
2 room is always how to pay for it. We'll hear more
3 about that later today. But it's what are we doing?
4 What's the IT side look like? How are we going to pay
5 for it? And which kinds of infrastructure do we want?

6 And then the last one -- I have one more
7 slide. The final one here is just, if we're taking a
8 look at the kinds of regulatory issues that, you know,
9 increase the variability and how supply chains perform,
10 the unpredictability for investment decisions, what are
11 the issues that are going to show up most importantly
12 in the world of transporter trade with Canada and
13 Mexico? These are huge. Do the regulatory
14 environments work? Are there particular problems? Are
15 the things that affect say waiting times on bridges, or
16 the kinds of things that happen in border processing,
17 how similar to the IT systems. What does it look like
18 to get an environmental permit in place? Is it a
19 predictable time period in one country versus another
20 or part of the country?

21 This complex of issues basically takes the
22 things we've looked at over the last year and extends
23 them in North America.

24 MR. DEAN: Any questions or initial thoughts?

25 CHAIR BLASGEN: You know, my comment -- your

1 comment about commercial impact is important. We're
2 assembled here because we were asked to provide
3 recommendations on the country's supply chain
4 competitiveness. In order for that to happen, business
5 competitiveness through our supply chain has to happen
6 and that's only going to work if the public and private
7 -- work together. So it's refreshing to hear that.

8 MR. DEAN: It's not a commitment that we will
9 always get it right. But, that's the exercise here is
10 to make sure that we're listening and we hear from you
11 so that we could advocate to sort of move in the right
12 direction on that to make sure --

13 MR. LONG: So we'll be taking these questions
14 back to you. We'll be looking to refine them and work
15 with you to pick out the parts of this that make the
16 most sense. Should it be prioritizing certain things?
17 Are there particular questions that need to be
18 emphasized above others? Basically looking for ways to
19 make it commercially sensible and practical. What are
20 the business problems you face that relate to those
21 topics?

22 MR. SIPLON: Ted, previously Rick asked the
23 previous Secretary, you know, what is she looking for,
24 for success out of this committee. Let me just ask you
25 the same thing. You know, if we fast forward and you

1 were writing our recommendations, what would be some of
2 the pieces they would include that would be successful
3 and useful from you? And I ask specifically because of
4 your business background and the closer connection you
5 have with a lot of the folks in the room? What does a
6 successful recommendation look like and a successful --

7 MR. DEAN: Some of what you've already done on
8 single window and then continuing on that, I mean,
9 that's going to be a very high priority over the next
10 couple of years. If political -- advice to the White
11 House might have the implementation deadline in the
12 next administration, rather than this administration.
13 We've got a lot of work to get done in the next couple
14 of years. And so that's going to continue to be a
15 major, major priority. And that, you know, for this
16 Secretary there are parts of that. Our office plays a
17 significant role in that work. But there are other
18 parts of Commerce that also play a significant role as
19 sort of an IT lift and implementation of single window.
20 So she is very focused on that and spent a lot of time
21 on it.

22 I think in many ways, this -- you know, partly
23 because it is so commercially irrelevant, but also
24 because she's spending a lot of time on issues in
25 Mexico and issues in North America and I've just made

1 the pitch for commercial relevance. I don't want to
2 back track on that, but political capital matters too.

3 And, you know, this is an area, sort of, the work
4 she's doing already in North America that touches other
5 parts of trade and other things we're doing.

6 To the extent that we can get input from you
7 on these questions that helps on that, I think there
8 will be a lot of energy and a lot of focus on that and
9 that's something that's kind of easy to get people in
10 her office excited about. They get it, they're
11 interested, and they want to do it. It's not the same.

12 I know you're working on a broader constellation of
13 issues and not everyone fits easily and, sort of,
14 wanted in the North American context. And you should
15 continue that work on the other areas that are
16 important to you, but this is one where I think there's
17 a lot of focus and a lot of energy behind.

18 MS. RUIZ: So, Rick, since we already have a
19 structure, what makes sense to me is taking these
20 individual issues or topics and giving them to their
21 respective committees and that way we can break it down
22 into bite-sized pieces and at the committee level we
23 can work on this.

24 CHAIR BLASGEN: Good. Well, we'll definitely
25 have some time at the end to talk about structure and

1 so on and so forth.

2 MR. LONG: Other questions or comments?

3 (No response.)

4 MR. DEAN: Well, listen, thank you all for
5 like I said, for what you're doing already and we will
6 be coming back in touch. And I won't make it all the
7 way around -- my e-mail is easy. It's
8 Ted.Dean@Trade.gov. I know you're in regular touch
9 with David and the team, but if you'd -- these meetings
10 are not the only opportunity to reach out to us if you
11 have questions or comments or things we can be
12 supporting in the context of the committee or other
13 things that you're doing.

14 So, thank you for everything you're doing.

15 MR. LONG: Great. Thank you.

16 (Pause.)

17 CHAIR BLASGEN: All right. So on the agenda
18 we've got Mike and his committee and then Shawn Wattles
19 who is not here to talk about trading competitiveness
20 developments. So I'm not sure exactly how much of an
21 update we'll have from that committee. So maybe
22 members of the subcommittee here could comment on that.

23 And I do want to leave some time at the end to
24 talk about structure. You know, we've got these five
25 subcommittees. Do we want to refine them? Do some of

1 them run their course? Do we want to take this input
2 and create other subcommittees on that? And then how
3 do the new folks, you know, get deployed into the work
4 product as well. So we'll have a little bit of time to
5 discuss that and structure of this meeting.

6 So, Mike, I'll turn it over to you.

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FINANCE AND INFRASTRUCTURE DEVELOPMENTS**Mike Steenhoek, Subcommittee Chair****Finance and Infrastructure**

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5 MR. STEENHOEK: Great. Thank you, Mr.
6 Chairman. Just to kind of explain to you the process
7 that we've gone through, up to this point we've really
8 focused on making sure that we've developed a catalog
9 or a list of those financing mechanisms. As you all
10 know, there's a light array of them and it can be quite
11 exhaustive. We wanted to make sure we did a good job
12 of defining the playing field so that we could examine
13 the various financing mechanisms that work well and
14 which ones don't work well and what our eventual
15 recommendations are going to be.

16 The next step was try to ascertain what are
17 some of the concepts where there is some degree of
18 agreement on and consistency among the committee
19 members. At the last meeting I gave a report on that.

20 Subsequent to the last meeting, early this
21 year, the real charge was to develop a list of specific
22 recommendations and that's what we're going to be doing
23 today. Just as Cynthia mentioned, you would be really
24 hard pressed to find everyone agreeing on is apple pie
25 yummy. And so getting that kind of degree of consensus

1 is really -- I believed early on was not going to be
2 possible. And so, the charge was to really develop,
3 okay, what are those concepts that people really are
4 coalescing around? And really just asking people, if
5 you had the magic wand, the proverbial magic wand, what
6 would be the top five, six -- there's not a magic
7 number -- of those financing concepts that you would
8 endorse that you would like to see enacted.

9 And so we came up with a list of eight of
10 them. And so if you want to go to the next -- yeah,
11 we've got them one at a time. And as we progress,
12 these are the concepts that have received the greatest
13 degree of support among the members of the subcommittee
14 and as we proceed those concepts that are still
15 recommendations to the full committee, but that
16 actually receives, you know, more moderate degrees of
17 consensus among the group.

18 The one that receives, easily the most
19 endorsement from the members of the subcommittee is
20 about the tiger program. Real recognition that this is
21 a program that has worked relatively well. There's a
22 belief that it really has been beneficial, not only for
23 the projects that have been ultimately financed, but
24 the process that it's kind of unleashed, having a more
25 collaborative type of process, having a process that is

1 more, that's less specific to a particular mode of
2 transportation, looking at things regionally.

3 As best as the government can do instituting
4 some kind of cost benefit analysis to it, having some
5 kind of merit-based decisionmaking. That also
6 requires, in many cases, some assistance in
7 underwriting the costs from the private sector. And so
8 the first recommendation is authorizing the tiger
9 program for small starts and projects of national and
10 regional significance, for mega projects on a permanent
11 basis with guaranteed funding at current levels or
12 greater.

13 As we all know, for those who have followed
14 the tiger grant program, it is a program that is
15 dramatically oversubscribed, demand far exceeds supply
16 as far as revenue dollars are available. And just kind
17 of underscoring the need for such a program like this.

18 We categorize all of these recommendations as
19 to whether they are revenue generators or revenue
20 distributors. And the particular mode that it would
21 benefit. For the tiger case it doesn't generate new
22 money. It distributes money, but it's still important
23 in affecting various modes of transportation.

24 Any comments from the members of the group
25 about the tiger program?

1 MS. BLAKEY: Just one footnote here that's on
2 PNRS. For those that are familiar with the long saga,
3 PNRS originated in safety -- was all earmarked, was
4 then authorized, but not funded in MAP21. Then last
5 year, last fall PNRS was one of the top line
6 recommendations of the House Transportation
7 Infrastructure Freight Panel -- was to establish and
8 permanently fund PRNS as a megaprojects program. So it
9 is in the Senate version of MAP21 and so the issue of
10 funding at current levels or greater, depends on what
11 you're looking at there.

12 There's not really a current level, but it has
13 certainly been established that there are PNRS needs of
14 a minimum of \$2 billion a year. And that number is
15 pretty widely accepted at this point.

16 MR. STEENHOEK: Oh, I'm sorry, did you have
17 a --

18 MS. CHROMEY: I'm going to give you just a
19 little bit of advice here. And I'm going to put on my
20 kind of an advisory committee hat as well as the DOT
21 hat and say, you know, advising to -- your
22 recommendations go to the Department of Commerce who
23 would then, you know, we suggest to the Department of
24 Commerce working with DOT to authorize. If you could
25 add to this recommendation how it benefits the supply

1 chain competitiveness or the program in itself from an
2 economic standpoint, it then brings back a linkage
3 again back to the Department for a little bit more
4 justification and support.

5 So, again, you know, I'm just going back to
6 going from that previous presentation about your role
7 as an advisory committee, and, you know, these are
8 great suggestions, but to have that -- give me the so
9 what. You know, it's a great program. We all know
10 it's a great program. But, I think you need to just --
11 it's just a recommendation. I'm just providing a
12 little bit of advice.

13 PARTICIPANT: That's quite good.

14 MR. SMITH: I have a quick question for the
15 finance committee. You used the language,
16 recommendation and authorized guaranteed funding, are
17 you specifying funding sources, revenue sources, and
18 doing that, or does it assume general revenue?

19 MS. BLAKEY: That's another part of the slide
20 show.

21 MR. SMITH: Okay. I may be jumping ahead.

22 MR. STEENHOEK: Yeah, this is just a revenue
23 distribution kind of mechanism.

24 So proceeding to the next slide.

25 The second one, ensure 100 percent of the

1 Harbor Maintenance Trust Fund is used for its original
2 purposes with expanded qualifying activities. This is
3 another distribution mechanism. Waterways would be the
4 beneficiaries. The President about, what, an hour and
5 a half ago signed the Water Resources Development Act.

6 And so that includes language that provides for
7 expanded qualifying activities.

8 Again, for those of you who are not well-
9 acquainted with the Harbor Maintenance Trust Fund, the
10 fund is generated by revenue assessed on the value of
11 imports coming into the United States that generates
12 historically \$1.6, 1.8 billion a year. Only half of
13 that money is used for its stipulated or mandated
14 purposes. The rest of it is just used to fund other
15 government activities unrelated to transportation.

16 And so the argument has always been we need to
17 ensure that 100 percent of that trust fund is used for
18 its intended purposes. And then also, the additional
19 request, and I think a reasonable one, is for those
20 ports who do not have -- because they're naturally
21 deep, they don't have the need for dredging activities.

22 These are, in many cases the ports that account for
23 the highest percentage of imports coming into the
24 United States. So you can often classify them as,
25 donor ports, but yet they don't benefit from the Harbor

1 Maintenance Trust Fund.

2 So there is some language, I think we can all
3 agree that the language in WRDA -- for those of you who
4 follow this issue -- it's not perfect. It kind of
5 dramatically, I think, elongates the time horizon for
6 when 100 percent of that trust fund is used for its
7 intended purposes. It's kind of incrementally doing it
8 between now and the year 2025. So we wish it was
9 today. But we'll take that as a step in the right
10 direction.

11 The hope is that WRDA -- it should always be
12 remembered that WRDA is an authorization legislation,
13 it is not an appropriation. And so if you ever want to
14 do two things related to the inland waterways or the
15 ports, it's usually two steps. Number one is the
16 authorization step; number two is the appropriations
17 step. The appropriation step has always been more
18 contentious and were always the greater source of head
19 winds.

20 So I think even though there is some favorable
21 language in the bill that was just signed, I think that
22 the recommendation is still very sound because it
23 really encourages our government to abide by the
24 language that's in WRDA and actually make sure that
25 funding actually flows; and two the recommendations

1 stipulated in this legislation. So that's the second
2 recommendation.

3 Any comments about Harbor Maintenance Trust
4 Fund?

5 MS. BLAKEY: I think the President is signing
6 the new WRDA bill today.

7 MR. STEENHOEK: Yeah, he just signed it about
8 an hour and a half ago.

9 Moving on to recommendation number three,
10 restoring -- moving to a revenue collection mechanism.

11 We are restoring the purchasing power of the gas and
12 diesel tax via an 8.5 cent increase and then indexing
13 both to inflation, primarily benefitting the surface
14 transportation system.

15 You know, there's all these estimates. Why
16 the 8.5 cents? There's a lot of analysis that's been
17 done about what is the price tag to maintaining the
18 surface transportation at its current levels? How much
19 money would it take to enhance our surface
20 transportation system? So therefore, what kind of
21 adjustments in fuel tax would need to occur in order to
22 meet that mean? One of the more common -- and the
23 number is escaping me as far as the multi-billion
24 dollar price tag to enhance our surface transportation
25 system, but this 8.5 cent increase is a commonly used

1 adjustment to meet this need.

2 There are some who abdicate for a doubling of
3 the fuel tax. Some say 15 cents. Some say 10 cents.
4 Some say less. But 8.5 is a common recommendation
5 that, again, wouldn't ameliorate all of our problems,
6 but it would significantly enhance the amount of
7 revenue coming into the system to improve our surface
8 transportation program.

9 Any comments or questions on that one? Yes.

10 MR. WISE: Are the benefits simple method?

11 MR. STEENHOEK: Yes.

12 MR. WISE: It's proven, it's actually -- it
13 keeps -- efficiency.

14 MR. STEENHOEK: Yes.

15 MR. WISE: And it may take --

16 MR. STEENHOEK: Yes, and administrative costs
17 are quite low. I don't know what the number is, 40
18 actual, when you drill down to it, I think 40 entities
19 that actually accumulate the funding generated by the
20 gas and fuel tax. And so administrative costs are
21 very, very low and, again, it's been established for a
22 number of years. Even though the general public --
23 they don't really understand any of the taxes that they
24 pay. But among the taxes that they don't understand
25 they probably understand this one the best and what the

1 money actually flows to.

2 Moving to the next slide. This is kind of
3 more the short-term surface transportation
4 recommendation that was on the preceding slide, the 8.5
5 cent increase. The top bullet point is something more
6 long term. And that's replacing fuel taxes with a road
7 user tax based on how many miles motorists travel on
8 public roads, commonly referred to as VMT, vehicle
9 miles traveled. This is a revenue collection
10 mechanism, surface transportation being the main
11 beneficiary of it.

12 And for those of you who aren't acquainted,
13 the rationale behind this is as vehicles become more
14 fuel efficient, as people -- at least over the last
15 four or five years, they've been driving less. Now,
16 whether that ends up resuming more and gets on more of
17 a historic trajectory as far as the miles traveled,
18 that remains to be seen. But we all know that we have
19 these standards that are in place that will
20 incrementally increase the fuel efficiency of the cars
21 and trucks in use. And that has certainly a benefit on
22 a lot of segments of our society, but one area that it
23 will be -- where it will have a punitive effect is the
24 money going into our surface transportation system. So
25 the argument has been, do we need to replace that with

1 a tax on vehicle miles traveled.

2 This is something that -- I know of no one who
3 believes that this is something that would be
4 instituted in the immediate future. Most projections
5 are, 10, 15 years, to not in my lifetime. So I've
6 heard quite a range.

7 But this is something I think is worth having
8 on the horizon. This is a direction that we do need to
9 go to that we do need to entertain. And having that as
10 a point of discussion I think has a lot of merit to it.

11 Any comments on this from members of the committee?

12 (No response.)

13 MR. STEENHOEK: Okay. Proceeding to something
14 that's more freight specific. The creation of a
15 federal freight trust fund funded at the amount of \$6
16 billion a year for 20 years, this doesn't generate new
17 revenue. This would be distributing revenue and
18 benefitting a host of various modes, but this kind of
19 goes back to getting beyond the silo kind of approach
20 that we have for our transportation system and looking
21 at it more from a freight perspective. Any comments or
22 thoughts on this, the rationale behind it, from members
23 of the subcommittee?

24 (No response.)

25 MR. STEENHOEK: Okay. Proceeding to the next

1 slide.

2 Increasing funding for a competitive grant
3 program for megaprojects of regional and national
4 significance. This is another distribution mechanism,
5 multimodal. Leslie, any comments or thoughts on --

6 MS. BLAKEY: I think that really rolls up
7 under the very first one. I think we probably needed
8 to combine that. But they basically Tiger and PNRS are
9 competitive grant programs and that's probably
10 redundant.

11 Just relating back to the federal freight
12 trust fund, the idea being that the Tiger and PNRS for
13 freight would be funded out of some sort of multimodal
14 fund. So those things are related.

15 MR. STEENHOEK: Applying a user fee, a
16 percentage of the cost of the transportation of goods.

17 That is is a revenue collection mechanism also
18 benefitting multimodes. I think you can see one of the
19 themes throughout our recommendations is trying to
20 really emphasize freight in general, freight movement
21 and also moving from one mode to another.

22 And then finally, increasing the fuel tax paid
23 by the barge industry, 6 to 9 cents per gallon. This
24 is a collection mechanism benefitting the waterways.
25 The barge industry currently pays 20 cents per gallon

1 on every gallon of diesel fuel that they utilize that
2 goes into what's called the Inland Waterways Trust
3 Fund. And that is matched -- that generates about \$75
4 to 85 million a year. And depending on the year and
5 that is matched dollar for dollar by the general
6 treasury. So the entire Inland Waterways Trust Fund is
7 about \$150 to 170 million a year. That money is used
8 for either new construction of locks and dams or major
9 rehabilitation activities for locks and dams.
10 Operations and maintenance is for the inland waterway
11 system is 100 percent underwritten by the general
12 treasury.

13 The barge industry is actually -- they have
14 advocated for this for a number of years, this
15 increasing it from anywhere -- going either up to 26 or
16 29 cents per gallon. Every time you increase that tax
17 by a penny it generates not a lot of money, but just \$4
18 or 5 million a year. But that's something that's been
19 advocated for. It hasn't really gotten a lot of
20 traction in congress. It was included among Chairman
21 Camp's list of recommendations for his tax reform
22 proposal. It is included in that. So that's a
23 recommendation from the subcommittee.

24 I believe that's it. I think that's the last
25 slide. I want to thank all the members of the

1 subcommittee for their thoughtful feedback and their
2 input. Any questions or comments from the group? So
3 these are the recommendations we would like to submit
4 to the full committee.

5 CHAIR BLASGEN: Okay. So the next step would
6 be to get them turned into a letter like we did with
7 the single window and trade competitiveness letters.

8 And then what we'll do is have the
9 subcommittee review it once again, make sure you guys
10 are all okay with it. We'll distribute it to the
11 entire committee, and then go through the process of
12 deliberating and having a three-week window, is it,
13 between the --

14 MR. LONG: Well, three weeks to get it in
15 here.

16 CHAIR BLASGEN: Right. Right.

17 MR. LONG: It looks like -- if people are okay
18 with the idea of taking that as the basis, we can work
19 with you to turn this into a suitable letter and get
20 that into everyone's hands and circulated for comment.

21 That would make it reasonable to expect it could be
22 brought to the meeting in September for an up or down
23 vote.

24 MR. KUNZ: Do these go in by individual letter
25 or do we take each subcommittee and put them all into

1 one and send it home?

2 MR. LONG: It's probably safer to do them in
3 batches like that. For example, we did the ITDS letter
4 at the last meeting.

5 MR. KUNZ: So individual?

6 MR. LONG: Yeah. It's easier that way.

7 CHAIR BLASGEN: But when they're formally sent
8 up the ladder, correct me if I'm wrong, they're coming
9 from this full committee. There's no mention that
10 there's a subcommittee. I mean, you may know that.
11 But it comes from the Advisory Committee on Supply
12 Chain Competitiveness.

13 PARTICIPANT: From the committee to the
14 Secretary of Commerce?

15 CHAIR BLASGEN: Right.

16 MR. LONG: The basic process on this is pretty
17 straightforward. You get some reasonable consensus on
18 what to do, turn it into a document that would be the
19 letter to the Secretary laying out formal language,
20 what you want to say, attachments if you need them.
21 Then make sure that the entire committee has had a
22 chance to read, review, and edit as they like. And
23 take it to one of the public meetings like this, or a
24 public meeting at a conference call, and agree on the
25 final text in the public meeting.

1 As you heard from Alice McKenna this morning,
2 and it's the openness of reaching the decisions in the
3 public setting that validates it. And so what we saw,
4 for example, at the ITDS recommendation in February was
5 that it's a little bit difficult to edit in an open
6 committee this way. So the more things that can be
7 done by e-mail and redlined and brought to the meeting
8 for a decision, the better.

9 But it's pretty straightforward. It just
10 takes a little time.

11 Anything we do for a meeting like this or if
12 we were to set up a conference call to do that, as
13 Alice pointed out, you need at least three weeks of
14 lead time to do that to get through all the notice
15 period.

16 CHAIR BLASGEN: Okay. Thanks, Mike.

17 Cynthia, I wanted to just circle back if
18 there's any, you know, recap. You've got a lot there
19 and it's all great stuff. And so, you know, the
20 excitement is, all right, how do we turn that into an
21 ultimate product that goes up a few floors or down a
22 few floors, wherever she sits?

23 MS. RUIZ: I think David did a good job of
24 summarizing what the addition -- what Leslie was
25 talking about. I think we we're there and now just

1 condensing it.

2 CHAIR BLASGEN: Okay.

3 MR. LONG: Joe, Lance, did you have other
4 things you wanted to say about the data or the shows?

5 MR. GRENZEBACK: I think the basic message
6 that Cynthia iterated again was -- you know, supply
7 chains are important. You want to look at the trip and
8 the performance of the trip because that's where your
9 economic value is. We do a very good job in looking at
10 the performance of highways and networks and bridges,
11 and railroads and others. But the carriers of
12 individual states are not worried about the trip that
13 crosses the system, and that's what we need to fill in.
14 Again, the question is, you know, how much information
15 on a market -- supply chains, trip performance, how
16 much is needed basically in the form of public sector
17 decisions which tend to be longer-range? And that
18 would be the question to work on in the future.

19 MS. STRAUSS-WIEDER: There was something that
20 Louis-Paul said that I keep circling back to and his
21 comment was, you know, he pointed to critical
22 infrastructure to move key commodities. But I think
23 there's a way of wordsmithing that because everything
24 that we're doing whether talking about physical
25 infrastructure or information infrastructure or

1 regulatory infrastructure, all ties to his thought on
2 that. So I'm trying to figure out how to work that
3 into a recommendation.

4 MR. LONG: Just a question to understand the
5 sense of the meeting. Is the committee basically okay
6 with the idea of trying to move forward and turn this
7 into a final recommendation along the lines you heard
8 at the discussions today?

9 Okay. So then we'll work with you to get text
10 together for that. And expect to bring that for
11 everyone to look at it, bring it to the meeting in
12 September for an up or down response.

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1 **TRADE AND COMPETITIVENESS DEVELOPMENTS**

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CHAIR BLASGEN: Okay. For the Trade Competitiveness Committee, there was a final document that was submitted to the subcommittee. I'm not sure if the subcommittee has any comments on that, or if you guys had a chance to review it?

Yes?

MR. BOWLES: I'm on the subcommittee on the Trade and Competitiveness. Some of us, we feel it needs further research and review.

MR. BLASGEN: Okay.

MR. LONG: That's good. Shawn will be back. He's unavoidably away for business meetings this week. He'll convene the group and take a fresh look at it.

MR. BOWLES: I tried to get a meeting together previously, but found everyone seemed to be out of town.

MR. LONG: Yeah. It's a tough week.

CHAIR BLASGEN: And just so everybody knows, Shawn is Shawn Wattles from the Boeing Company we're talking about. He's going to be the subcommittee chair for this committee, he's just unable to be here today.

It's the committee that Tony Barrone had chaired before. So there's a changeover in leadership there.

1 But before Tony left he, constructed this and
2 sent it out to your subcommittee for you guys to
3 review. So it sounds like you've got a little work to
4 do before you want to align around it.

5 MS. BLAKEY: Just as a briefing point,
6 quickly, for the new members. I'm assuming that
7 they're going to need to select committees that they
8 want to be on, or at least request, but also to kind of
9 remind the rest of us, could you just tell us briefly
10 what the committee is -- I mean, the sort of what the
11 subject matter for the trade and competitiveness
12 committee is?

13 MR. BOWLES: I would rather -- well, Tony is
14 retired. And everyone else is gone on that. But I
15 would rather have them discuss everything that's on it.

16 MS. BLAKEY: What's it supposed to cover?

17 MR. LONG: In broad terms it's essentially
18 looking at broader trade programs. Some views of say
19 trade promotion authority. There was some initial work
20 done on the efficiency of free trade zone programs.
21 That was a successful venture. Other things about
22 support for export financing, things of the levels of
23 which EX-IM is willing to certify that something of a
24 given level of U.S. content to it. The complex of
25 things that go into trade -- not just trade agreements,

1 but the whole advisory universe for that, but other
2 trade-related programs that pertain to what supply
3 chains do.

4 MS. BLAKEY: Okay. Yeah. Because it has been
5 quite a while since we actually got a report from them.

6 And that was fairly specific what Tony was working on,
7 and the topic -- the name of the subcommittee is quite
8 general.

9 MR. LONG: We need to revisit that one. His
10 departure complicated some of those things.

11 (Simultaneous conversation.)

12 MR. BOWLES: -- a few things on duties that we
13 were trying to limit and that's very controversial.

14 MS. BLAKEY: Customs duties?

15 MS. BOWLES: Customs duties, yes.

16 MR. LONG: Something got tangled up in some
17 fairly specific issues.

18 MR. SIPLON: We heard Ted talk about the
19 importance of Canada/Mexico and that sort of trade
20 initiative, had a lot of interests in political
21 involvement.

22 MR. LONG: Right.

23 MR. SIPLON: Maybe this makes sense to take
24 some of those things -- I mean, a lot of that trade
25 stuff involves transportation and data and all the

1 other things the committees are working on. Maybe this
2 is--I'll just proffer--an appropriate place to maybe
3 talk about that in more detail in some of those
4 committees. That might give a little more structure
5 and some topics to that committee that seems to be
6 wanting a bit.

7 CHAIR BLASGEN: Good. What I would like to do
8 is spend a little time talking about structure and
9 talking about the five subcommittees, that process,
10 talking about the new committee members, and what to do
11 with you all.

12 (Laughter.)

13 CHAIR BLASGEN: So, let's talk about that. I
14 mean, I think part of the problem we have with this
15 meeting is there's not a lot of time for healthy
16 discussion because there's so much work that culminates
17 and sort of builds to this meeting. We get here and we
18 try to get things done that are actionable and send
19 recommendations through.

20 So, you know, we've got the ITDS single window
21 IT and data committee focused on that one issue. So,
22 you know, does that subcommittee continue on and take
23 on other issues, you know, for all the five committees?

24 And do we feel like they're the right committees
25 focused on the right things? Do we want to augment

1 them? Because it would be good from this point forward
2 to also consider -- Mr. Dean had positions in framing
3 questions here of areas that sounds like he wanted us
4 to tackle and take on. So how do we take these and
5 filter them into the appropriate committees or create a
6 new committee or disband the current committee?

7 So I wanted that throw that out for general
8 discussion and talk about it.

9 What we said at the beginning of this mission
10 here, the committees don't have a life of their own
11 that never ends. At some point there is a culmination
12 of a work product and the committee dissolves or gets
13 redeployed into some other areas. And are we there
14 with any of these committees yet? How does the
15 Department feel, and how do we redeploy the resources
16 that we have now in the most effective way?

17 MR. LONG: From the government point of view
18 on this, the committees make a lot of sense because
19 they seem to be areas that track with things that were
20 asked about and definitely require some high level
21 assistance from the private sector to deal with. I saw
22 that in the structure that Ted Dean presented for some
23 of the new issues we have for North America.

24 So in that case, for example, you know, in
25 talking about trade and competitiveness, the series of

1 programs and coming out of things like the North
2 American Leadership Summit, high level dialogues with
3 Mexico, beyond the borders, these things make a lot of
4 sense in trade terms. So, what I'll hear from the
5 Department is that we want specific guidance on how to
6 prioritize that work, which elements to do first.

7 In the freight movement side which started out
8 originally with a large focus on infrastructure and
9 assisting the whole MAP21 universe, what we're seeing
10 now, for example, in North America is movement to some
11 conceptions of freight planning for the entire region.
12 So the question there in terms of, you know, the kinds
13 of things we've come up to be efficient in freight
14 planning and the like here, how applicable will they be
15 to North America.

16 Well, there's going to be questions of what
17 are the priorities for border operations,
18 infrastructure, freight corridor choices, performance
19 measures, the nature of a freight plan. It's going to
20 look a lot like a big regional version of MAP21 in many
21 ways. So there are specific things we'll be looking
22 for there.

23 Because what's actually in the decisions that
24 President Obama and his counterparts in Mexico and
25 Canada came up with are very vague. Just go make a big

1 plan. So, we'll need to be thinking here, I think, to
2 advise how for supply chain operations do you want that
3 to be a model.

4 And then the other questions basically repeat
5 themselves. Are there particular obstacles in the
6 regulatory world? Are there regulatory approvals or
7 workforce issues or what have you that affect the
8 ability to run supply chains in this environment.
9 There are also finance issues, and, of course, the ITDS
10 world and data generally. So those are the -- at least
11 from the point of view of the questions that the
12 government would like your advice on, these make a lot
13 of sense. But maybe the same questions could be
14 addressed in different structures if you feel strongly
15 about it.

16 This also leads to the question too, while I
17 think about it, doesn't have to be decided today, of
18 course, but for the new members as well as the old, are
19 there particular committees or issues that you would
20 like to work on? On the way through last year I
21 discovered that a couple people found themselves,
22 probably by me, assigned to committees that they
23 weren't necessarily the most comfortable with and found
24 it much more enjoyable and more effective to be in
25 another group. So, you know, if there are groups that

1 you would like to work on, or issues where you feel
2 like you have something particularly good to offer,
3 we're open to it. We'll just allocate accordingly.
4 And you can do more than one committee if you like.

5 MR. MCGEE: Coming in from being a new member
6 and coming in from a small business perspective, we
7 talked about a lot of high level issues today, but if
8 you kind of break it down and our goal is to really
9 establish significant change to our exporting process,
10 the way for a small business to do it usually is
11 imports. And what I found out being a small business
12 owner is that the barrier to entry was extremely tough
13 in terms of what it took to actually get our customs
14 broker's license and our RRL so we could do remote
15 filings as well. If there's something we can do in
16 that process -- I mean, it took us over a year to get
17 that.

18 If there's something we could do to tweak that
19 process, all of a sudden you've got more small
20 businesses. And what happens there is that a lot of
21 the different initiatives that you want to implement,
22 it's easier for us to do them sometimes than it is for
23 bigger companies that are headquartered in the United
24 States of America.

25 So, I don't know if there's a committee that

1 can address small business concerns as they relate to
2 getting your broker's license and different things like
3 that, because once again, once you get the broker's
4 license you build your imports. It gives you the
5 opportunity to go and do more exporting. We've seen
6 that with our company being a stage two company. Once
7 we started dealing in imports, we started to really
8 increase our export because you start to build credit
9 lines and you can scale your operation in that way.

10 So, once again, if small business is one of
11 the driving forces, maybe we should look at some
12 different ways to address small business concerns as
13 well, just as a committee.

14 MR. LONG: That's terrific. And it flags a
15 couple things right away. Some of those concerns show
16 up right away, I think in the trade and competitiveness
17 subcommittee or it should. Then there's also the
18 question of costs and processing related to border
19 issues. That takes us back to the groups that are
20 working on single window issues and border management
21 generally.

22 There will also be another topic, I think, now
23 that we have this -- the WTO trade facilitation
24 agreement I think is also another area for the trade
25 and competitiveness committee to be addressing as we go

1 forward. Implementing that gets at exactly the kinds
2 of cost savings we talked about. So those would be
3 some starters.

4 MR. WISE: I have the same theme that you
5 mentioned, streamlining. It's something very important
6 to our company and others and particularly I'd kind of
7 go to the other end of the spectrum which is major
8 import/export facilities. The time it takes, the
9 amount of work it takes, if people knew how long it was
10 going to take them to get a new facility built,
11 permitted, et cetera, through all the approvals, they
12 would never have made the investment. So streamline
13 the kind of permit speed and investment for big
14 facilities is a theme that I think we ought to embrace.

15 It was articulated pretty well in the NFAC
16 document and so maybe we could pick up and push on
17 that.

18 MS. RUIZ: Dean, we have only been working
19 eight years with you to try to get a facility out of --

20 MR. WISE: And maybe we have a shot now that
21 at there's a new mayor in Long Beach.

22 MR. SMITH: I would be curious to see moving
23 forward, you know, a lot of proposals we talked about
24 here in draft form and looked at, ultimately we're
25 making a recommendation to the Secretary of Commerce.

1 Many of the concepts we talked about here today would
2 require legislative change. And so we were asked by
3 the DOT here to assess for America. We've got an EPW
4 proposal out there. We've got WRDA that's about to be
5 signed into law. These very significant congressional
6 actions--present and future--that have a significant
7 impact on the supply chain. I think it's worth to this
8 committee -- and if it's going to go in the direction
9 to make recommendations on a legislative base and
10 should review and assess some of the recommendations --

11 MS. STRAUSS-WIEDER: I just want us to go back
12 to something that Cynthia and Lance and Joe brought up
13 and that's predictability. I'm looking at Rick because
14 he knows that customers want predictability. They want
15 to know that they're going to get it when they get and
16 when they want it. And then going back to talk about
17 resiliency and flexibility because part of our world
18 competitiveness is going to be a consistent delivery,
19 whether it is within the country or very importantly,
20 with our partners in Canada and Mexico and then our
21 border trading parties. I'm not sure what committee
22 that's in. It does factor into a couple of ones
23 because there are considerations on an information
24 side, a regulatory side, and obviously physical. But
25 particularly now, that question of business continuity,

1 resiliency, predictability is coming up over and over
2 again. And I think it's something that could give
3 North America an edge.

4 MR. LONG: I agree totally with that. And it
5 also raises another question we need to think about a
6 little bit, which is, some of these topic naturally
7 cross the borders across many different committees.
8 And one of the things I noticed on this particular
9 session is, in the past we've looked at -- we've run a
10 couple of meetings where we had sort of subcommittee
11 meetings the day before the full committee. This time
12 there didn't seem to be a lot interest in that. But
13 I'm thinking just from the types of issues we've been
14 talking about, you know, all day, and especially in the
15 last few minutes, maybe it's more effective as a way to
16 work to just block out the day before this too and try
17 to have the subcommittees spend a longer period of prep
18 for the meeting so this one can be a little more
19 efficient that way.

20 MR. SIPLON: Maybe just a day and a half and
21 make that an official part of the program.

22 (Simultaneous conversation.)

23 MR. LONG: I mean, we've done it on sort of an
24 optional basis. And it had worked pretty well when
25 people wanted to, but for whatever reason it didn't

1 fall into place this time.

2 MR. SIPLON: You look at the groups that have
3 had maybe some more success and activity so far are the
4 ones that have gotten together beforehand.

5 MS. MELVIN: Well, just coming from a
6 perspective of a new member, there's a lot of overlap
7 in the committees and that from a NASCO perspective the
8 stuff that we work on -- I'm sitting here. I've been
9 uncharacteristically quiet today, sort of absorbing and
10 taking in information and trying to figure out how
11 NASCO could play the most helpful role to this
12 committee.

13 It's kind of like, I'm thinking, well, gosh,
14 maybe I should be on every committee to try to get the
15 information and then get the feedback and that kind of
16 thing, and that's not possible. So I know that I was
17 brought to you guys, I guess, we found each other and
18 it was all about the single window initiative and how
19 we could use the network that we've established at
20 NASCO to help move that forward.

21 Obviously we have a very keen and I have a
22 very passionate interest in North America. And that's
23 kind of a new focus, I guess, for the committee based
24 on the North American Leadership Summit.

25 So then I was thinking well, maybe there needs

1 to be a North American committee, but that wouldn't
2 work because the issues you're dealing with apply to
3 every other committee. So, meanwhile, what I'm hearing
4 from our members -- NASCO is very much a grassroots
5 organization. We kind of take the inside out approach
6 which is that the local communities, the local
7 industry. To get them acting locally, but thinking
8 competitive in a global basis -- we get a lot of
9 feedback from them about you can't wait on the federal
10 government these days. The federal government is
11 holding us hostage. We've got to come up with our own
12 initiatives, our own relationships, develop them across
13 borders, figure out our own plans. So that's kind of
14 what NASCO does is help them get information on what's
15 going on.

16 One thing that's come up, is that I've heard
17 from several of our members about the North American
18 transportation plan that was discussed and committed to
19 at the summit. There are actually groups out there
20 talking about, well, we would be the best at putting
21 together the North American transportation plan. And I
22 kind of say, let's hold back, I'm sure someone has come
23 up with -- I mean, who is responsible for the North
24 American transportation plan? Is it this committee?

25 So I think there's also some information -- I

1 guess what I'm saying is that, as a new member, and
2 I've been traveling like -- I mean, it almost is a
3 full-time job to absorb the information the committee
4 is dealing with and then figure out how to best, you
5 know, recommend things to move things forward, and
6 everyone is just as busy as I am. But I hate to think
7 that there might be groups out there that are forming
8 themselves trying to kind of compete for the
9 opportunity to do the North American transportation
10 plan, when surely this is supposed to be administrative
11 efforts.

12 So it would be helpful to have maybe a
13 briefing about the North American Leadership Summit.
14 And, yes, we have the working paper, we have the fact
15 sheets, but maybe some of the components of that that
16 we at this committee are responsible for, it might be
17 good to have someone come in and say exactly what they
18 meant by it, and who they have in mind to carry these
19 things forward. Just that I can go back and
20 communicate to our -- don't do that. It's being
21 handled. Feedback is important but don't, you know,
22 spin your wheels trying to form a group to do this when
23 it's already been assigned to someone.

24 So I think almost a public awareness or an
25 educational component to what the different advisory

1 councils are supposed to do. And there are so many
2 advisory councils. Someone said 1,000 and most of them
3 truly don't have an impact.

4 One of the reasons why I was excited about
5 this one was because it seems like the people around
6 the table and the recommendations that I was able to
7 read that you guys have done before are actually
8 meaningful and are involving industry and are realistic
9 and have a chance of being moved forward. Where some
10 other ones that I know about, you know, they don't have
11 a chance of getting anything actually done. So this is
12 a very unique committee.

13 All that to say, I think I would like to be on
14 the single window committee, but then I didn't know if
15 that was trade competitiveness or if that was IT&D.
16 So, I'd like to be on that one and I joined the freight
17 policy one last night, and that's about, I think, all I
18 can do.

19 And I guess I'm not really asking a question,
20 I'm just sort of making some comments about -- and then
21 the partners, NASCO is a strategic partner to the
22 Department of Commerce. So, two weeks ago we got
23 invited -- or last week, I think we got invited to a
24 partners' meeting in D.C. It's on September 4th, I
25 think, 4th or 5th.

1 And so they said, please RSVP as soon as
2 possible. Who will be representing your organization?

3 So I e-mailed back, I'll be there. But then I found
4 out that this meeting is on September 11th, and me
5 coming twice to D.C. is -- so I guess maybe better
6 coordination between if you're a strategic partner of
7 the Department of Commerce but then you're on the
8 advisory committee, maybe those meetings could be
9 combined in the same week so that it's just one trip up
10 here.

11 And then I love the idea of the subcommittees
12 meeting a day before. I think that's critical. Those
13 are my points.

14 MR. CARTER: (Off microphone.) I would like to
15 volunteer if the various -- if volunteering is the
16 right word for regulatory and also write policy.

17 Also, there's one buzz term that I haven't
18 heard today that's being focused on a lot. And I think
19 Anne is referring to it, and that is sustainability.
20 Everybody's not only starting to look at risk, it's
21 culture, but they're also looking at whether or not
22 their supply chain is -- the factors related to their
23 supply chain are sustainable. So I would just raise
24 that as a question in terms of whether or not we --

25 (Simultaneous conversation.)

1 MR. CARTER: Reliability.

2 MS. RUIZ: Reliability.

3 MR. LONG: You know, I think the complex of
4 energy issues and transport and -- just the general
5 sustainability of the economic impact, just as a sheer
6 economic question has to be engaged at some time.

7 MR. SIPLON: Rick, your question about the
8 information technology subcommittee, you asked whether
9 that needs to be dissolved, is there a new committee?
10 I don't think we got an answer for that?

11 CHAIR BLASGEN: No, I don't know that any of
12 the committees have to be dissolved. I was just trying
13 to be a little provocative to generate some discussion
14 around the subcommittees because we dealt with in that
15 committee one major significant area and there was a
16 timing opportunity for us to do so with which we took.

17 It doesn't mean there are not other IT and data issues
18 that that subcommittee should be dealing with.

19 MR. LONG: In consideration of that issue.

20 MR. SIPLON: As new members are looking for
21 which committees to join -- an update from Sandy on
22 what are some other topics they might want to look at.

23 CHAIR BLASGEN: Right. And for the new
24 members we have two folks who have selected a couple
25 committees. So think about that, if you want to tell

1 David, you know, after the meeting or now, or think
2 about it, but we need to deploy you the most effective
3 way that you feel you're going to have the most impact.

4 MR. SIPLON: Do they have the list of all the
5 committees and the members?

6 MR. LONG: I will send that around.

7 MS. STRAUSS-WIEDER: I know freight is a bit
8 top heavy, but I'd love to be involved with that as
9 well as regulatory.

10 MR. WISE: At the risk of getting everybody
11 throwing tomatoes at me, this is a good time to
12 basically recast the lens. All of these committees
13 have struggled and made good progress. I'm sure Mike
14 has relieved that he finally got his committee down to
15 ten points. Whether you want to do anymore, I don't
16 know. I think our group is kind of -- we can declare
17 victory. I think others could declare -- it's a good
18 time to maybe say, let's just put those old committees
19 on ice and come up with the five new topics, maybe it's
20 small business, resiliency, North America, I nominate
21 Tiffany to be the North American --

22 (Laughter.)

23 (Simultaneous conversation.)

24 MR. WISE: Be kind of more theme oriented just
25 to kind of refresh it.

1 MR. LONG: This is a good topic for September
2 because we're going to -- I think we're going to close
3 the books on the number of current work projects there.
4 With any kind of luck we're going to have final
5 recommendations on the first round of topics.

6 I think that maybe a specifically North
7 American subcommittee might be a problem given that --
8 what I'm hearing from our Secretary is North America
9 is, you know, the center of the universe, and that this
10 is entirely, in many ways, a North American committee.

11 So I don't know if we can edit down to a subcommittee,
12 but it might be a good time to revisit it in September.

13 MR. WISE: After you go down a level with
14 North America, I was thinking about it when Ted Dean
15 was talking. It's very difficult to come up with
16 things that are not country specific.

17 MR. LONG: Yeah.

18 MR. WISE: When we talk about, you know
19 intercontinental import/exports, and you have a whole
20 bunch of chestnuts to deal with, Keystone, HMT, Mexican
21 trucks, a lot of issues have to be ironed out before
22 you can really have an open conversation about what do
23 we do positively between the two countries as an export
24 platform. So there's a whole subset of things around
25 can you really tie two or three countries together as

1 an export platform.

2 MR. LONG: That sounds like a good idea.

3 MS. BLAKEY: I have a different approach. I
4 don't really disagree with Dean, but just trying to put
5 a different lens on it. And that is that it is true
6 that maybe a place where subcommittees have, kind of,
7 wrapped up some work and could be transitioned out,
8 perhaps, but others still have a good bit of work to
9 do. And it does strike me that the questions posed in
10 you all's PowerPoint that Ted delivered really do
11 relate to the various committees in fairly specific
12 ways.

13 So it seems to me as though dividing up those
14 questions, tasking them back out to the subcommittees
15 in some logical way that fits with the program of work
16 that we're already involved in, and what I would also
17 like to suggest though is rather than leaving it as
18 open-ended as we have in the past, in terms of work
19 product, I think that each of the subcommittees maybe
20 as it relates to these questions should come up with a
21 work plan.

22 And the work plan doesn't have to be, you
23 know, 15,000 pages long, but it should establish a
24 timeline. It should establish some dates well in
25 advance to meet by phone, or to meet in person. It

1 should establish some goals and objectives for what
2 we're trying to get done, and essentially deliverable
3 at the bottom and say this is, you know, the
4 recommendations, you know, related to this question,
5 maybe the deliverable. But are there, you know, at
6 some point I think some of the committees have greatly
7 benefited and I know that the NFAC has certainly
8 benefitted from getting the help of expert advice from
9 outside, being able to hear more about a particular
10 aspect of a subject to inform the committee's
11 recommendations.

12 So those things, you know, suggestions of that
13 type should be put into a work plan and that should be
14 provided back to you all and to our chair and to the
15 staff before the next meeting. I don't think that's
16 too much to ask.

17 MR. LONG: That may address the question which
18 committees, how the issues shape up with that. Maybe
19 just managing it in a different way is the answer.

20 MR. STEENHOEK: And I'm kind of wondering as
21 these committees have kind of provided a list of
22 specific recommendations and then you asked the
23 question, well, now what? Whether we should actually
24 transition more from kind of having more of a
25 comprehensive, trying to wrap your arms around -- you

1 know, the entire -- in our case, the financing
2 mechanisms impacting our transportation system to
3 having a much more targeted, and I would say, higher
4 quality kind of discussion.

5 And I think when I ask for advice from people,
6 if I ask a question that's more open-ended, what advice
7 do you have for me? The quality of response is not
8 really that high. But if I ask a question, here's a
9 specific initiative that I'm looking to activate, punch
10 holes in this, from the same person, the quality of
11 response is much higher. Why? Because I framed the
12 question. I asked a specific question that elicited
13 specific feedback.

14 And so I'm wondering that -- I mean, you could
15 keep the subcommittees in the same format, or you could
16 adjust them somewhat, but I think it would be really
17 interesting that say in the interim period between
18 meetings, you could take each of the various committee,
19 let's say, the regulatory committee, you could ask the
20 members of the full committee the proverbial question,
21 what keeps you awake at night? What is the biggest
22 burr under your saddle in terms of regulation?

23 And then you kind of finalize, okay, here are
24 the top two, maybe even one. Then that regulatory
25 committee really does a deep dive on this specific

1 issue and then reports back to the full committee at
2 the meeting. We've looked at this more specifically
3 and here's our recommendation. Whether it's hours of
4 service, whether it's semi weight limits, whether it's
5 positive train control. It could be any of those
6 number of things.

7 Our recommendation therefore is that we do X,
8 Y, and Z. That we moderate or adjust the hours of
9 service regulations in this particular manner. It
10 could be something finance related. There's always a
11 finance concept du jour, repatriating, offshore
12 profits, and using them for -- or the old -- I guess
13 it's the big five-day postal delivery --

14 (Laughter.)

15 (Simultaneous conversation.)

16 MR. STEENHOEK: Public/private partnerships,
17 that's always one. And so the finance committee could
18 really say, all right, we're going to do several
19 meetings or conference calls where we really delve
20 deeply into this. And that will result in, at the full
21 committee, here is a specific recommendation for
22 public/private partnerships. Again, it's not
23 comprehensive. We're not solving every single
24 transportation problem. But I would venture to say
25 that the quality of discussion would be higher.

1 MR. LONG: That served us well on a couple of
2 the other issues already. The ITDS group working on
3 single window, had that same particular problem.

4 CHAIR BLASGEN: And if you go back a couple of
5 years, it's kind of how we ended up with the five
6 subcommittees we have today. We sat in this room and
7 talked about what are the pressing issues.

8 MR. STEENHOEK: And then when the concept du
9 jour comes up, you can throw it back to us and say, you
10 know, on the Hill they're really talking about X, Y,
11 and Z or, you know, this is really the scuttlebutt now
12 in terms of transportation. Have the particular
13 subcommittee do a deep dive on that and then report
14 back to the full committee.

15 MR. BOWLES: In February we listed on each
16 subcommittee our recommendations. So as kind of a
17 review maybe we can come back and bring this forward
18 again for the new members.

19 MR. LONG: That's on the website.

20 MS. RUIZ: So, David, I would like to go back
21 and support what you said about either having a two-day
22 meeting or a meeting a day and a half. Because it's
23 been challenging on the telephone conference calls with
24 the time zone differences, and scheduling those. But
25 when you sit down and have an in-person meeting, to me

1 it goes much quicker and much smoother. So if we all
2 just schedule that out in advance, at least a day and a
3 half, I think it would be much more productive. So I
4 strongly support your recommendation.

5 MS. BLAKEY: And just one request, and that
6 is, I think we need more of this kind of conversation.

7 A day doesn't really allow enough time for the
8 committees to report. Even this time we didn't have a
9 lot of presentations by outsiders, but it really --
10 what I find very productive is the conversation among
11 the group and the ability to field these ideas in a
12 free flowing dialogue.

13 MR. LYNCH: I would also like to see a little
14 more work done on the front end to articulate the
15 specific implications to trade. It gives us a better
16 basis for measuring and prioritizing some of these
17 activities. We talk about it. Folks around the table
18 are experts in it, but I don't think we all have that
19 same level of understanding and articulation of impact
20 and ability to prioritize, I think would be good, in
21 the general session.

22 CHAIR BLASGEN: Any other thoughts of a
23 general nature?

24 (No response.)

25 CHAIR BLASGEN: You know, we do have quite a

1 few folks that are missing here as well. So I think
2 one of the things that I would ask the new folks who
3 have not selected a committee is try get that
4 information to David as quickly as you can because we
5 need to deploy the resources as effectively -- if
6 everybody wants to be on one committee, you know,
7 obviously we know that that's a committee that is a hot
8 topic and so on and something we need to focus on. But
9 if we're going to address other issues, we need to sort
10 of disperse the resources a little bit equally as best
11 we can as well.

12 MS. MELVIN: Another question. How often does
13 the group meet? Is it every quarter?

14 MR. LONG: Trying for quarterly.

15 MS. MELVIN: Okay. So then it would be a two-
16 day meeting every quarter? Okay. See, I actually
17 think that's good because I was going to suggest if it
18 was like every six months that you maybe have
19 additional time. Because I agree, the conference calls
20 not only are conference calls, they're a lower priority
21 than actually when you're traveling somewhere to be
22 there in person. So if something comes up, oh, I'll
23 skip that and I'll get the notes later. And then it's
24 just a disaster. But they're also very difficult. You
25 get feedback. You get road noise, and people are

1 outside, and it's just kind of a mess. So I do like
2 the idea of meeting in person. And if it were to be a
3 two-day meeting, just having that calendar way in
4 advance.

5 And I know this time I'm new so I got the
6 letter invitation like two weeks ago or whatever and
7 luckily -- I mean, this is a priority thing. But if we
8 could have the schedule like a year in advance, I don't
9 know how you all do it now.

10 CHAIR BLASGEN: That's what we did last year.

11 MS. MELVIN: Oh, okay. Okay. That will be
12 great.

13 MR. LONG: It's time to do a new one.

14 MS. MELVIN: And then you can work around it
15 and everyone knows and --

16 MS. BLAKEY: We have a September 11 meeting.
17 How many other dates have we got established?

18 CHAIR BLASGEN: Just December.

19 MS. BLAKEY: Just December.

20 CHAIR BLASGEN: September and December.

21 MS. MELVIN: So now it would be September 10th
22 and 11th?

23 CHAIR BLASGEN: September 11th. Yes, December
24 11th as well.

25 MS. MELVIN: So December 10th and 11th.

1 CHAIR BLASGEN: September 10th and 11th, and
2 December 10th and 11th.

3 Page, do you have the same thing?

4 MR. SIIPLON: Yes.

5 MS. MELVIN: And so not to put you, David, on
6 the spot, but is the partners meeting less important
7 than this meeting?

8 MR. LONG: I am clearly --

9 (Laughter.)

10 (Simultaneous conversation.)

11 MS. MELVIN: That's what I figured, but we
12 hate to be a new partner and then not show up at --

13 CHAIR BLASGEN: Let's be clear, there is no
14 meeting that goes on in this town that is anymore
15 important than this.

16 (Laughter.)

17 (Simultaneous conversation.)

18 CHAIR BLASGEN: Other thoughts?

19 MR. LONG: I do have one thing. Tiffany
20 mentioned the strategic partner program. I'd be happy
21 to share with you information about it. I think it's a
22 terrific opportunity to work closely with the
23 Department. And there are a number of benefits and
24 collaboration that we can all understand on this. The
25 more partners, the better.

1 Let me check with them and see what they're
2 doing and how that came about.

3 I think we are there. Okay. Well, this was a
4 terrifically helpful discussion. I think we have some
5 clearer --

6 CHAIR BLASGEN: Next steps.

7 MR. LONG: All right. So we'll be talking
8 about two-day meetings, that will be the next thing.
9 We'll lock in the calendar. I'll be sending out the
10 questions by subcommittee related to North America. It
11 sounds like virtually all of the groups except the
12 trade and competitiveness committee are ready to bring
13 papers forward for a decision in September.

14 MR. WISE: David, can I just modify the two-
15 day meeting. I think for those of us who are traveling
16 further away a day and a half is really the working
17 session.

18 (Simultaneous conversation.)

19 MR. LONG: The practical equipment --

20 (Simultaneous conversation.)

21 MR. LONG: And go with that. Calendars? A
22 follow-up to this?

23 CHAIR BLASGEN: Well, just that the committee
24 members select their committee that they have a desire
25 to participate in. We need that.

1 MR. LONG: All the presentations you saw today
2 will be posted to the web.

3 Thank you all. Good meeting.

4 CHAIR BLASGEN: Thanks everyone.

5 (Whereupon, at 2:53 p.m., the meeting was
6 concluded.)

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C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the Advisory Committee on Supply Chain Competitiveness, held on Tuesday, June 10, 2014, were transcribed as herein appears, and this is the original transcript thereof.

TONY DENNIS,
Court Reporter