September xxx, 2014

The Honorable Penny Pritzker
U.S. Department of Commerce
Washington, D.C. 20230

Dear Secretary Pritzker,

As Chairman of the Advisory Committee on Supply Chain Competitiveness (ACSCC) and on behalf of the members of the ACSCC, I am pleased to offer you our recommendation for improving U.S. supply chain competitiveness. We recommend that the Administration promote the following policies:

- Make strategic investments in the U.S. freight transportation system to improve the competitiveness of U.S. supply chains;

- Use supply chain performance measures to inform U.S. freight transportation policy and target strategic investments in the freight transportation system;

- Use travel time, travel time reliability and cost as the key measures of supply chain performance;

- Provide analytical methods and tools to cost-effectively measure end-to-end supply chain performance – single mode or multimodal - and identify critical bottlenecks for improvement;

- Apply supply chain performance measures at the:

  - Industry level,
  - Metropolitan level,
  - State and multijurisdictional level,
  - National level, and
  - North American level;

- Disseminate supply chain performance information routinely to supply chain stakeholders.

Our ability to compete in the global marketplace depends on our ability to move freight through supply chains reliably and cost-effectively. But highway interchanges serving critical supply chains are major bottlenecks; ports, border crossings and intermodal terminals are operating over capacity; and, access roads to terminals and distribution centers are deteriorating. These bottlenecks and the delays they cause slow down freight movement, raise the cost of moving goods through our supply chains, and

reduce our ability to deliver goods reliably, quickly and on schedule to global and domestic customers. The result is less competitive industries and lost economic opportunity.

The impact of America's transport infrastructure problems on our competitiveness is reflected in national studies and global competitiveness rankings. The U.S. Department of Transportation reports that congestion alone cost American firms an estimated $200 billion a year in added transportation costs. The Texas Transportation Institute estimates that congestion in America's cities cost $121 billion in 2011. The World Economic Forum's most recent Global Competitiveness Report ranks the U.S. as the world's fifth-most competitive economy, but nineteenth in the quality of its infrastructure. And the World Bank's most recent Logistics Performance Index rates the U.S. as only 9th in the world in logistics efficiency, behind global trading competitors such as Germany, the Netherlands, Belgium, the United Kingdom, and Singapore.

U.S. business and industry look at the U.S. freight transportation system and think about its performance in terms of shipments along their supply chains. However, the public sector is accustomed to looking at the freight transportation system and thinking about its performance in terms of network and corridor capacity, infrastructure condition, and safety. As a result, we are often not as effective as we should be as a Nation in making strategic investments in our freight transportation system that directly improve our supply chains. We believe that a more systematic effort to look at the performance of supply chains can complement and inform federal, state and local freight transportation policy and investment decisions and result in more effective and competitive supply chains.

Accordingly, we should routinely monitor and evaluate the general performance of representative supply chains serving our major industries, especially those driving our global export earnings. We should look at performance trends over time as an indicator of supply chain competitiveness. Where we see deterioration in service, we should look at the performance of the major links and nodes in a supply chain to identify critical bottlenecks and economic impacts and then work with the affected shippers, receivers and carriers to fashion corrective policies and target improvements.

We note that Transport Canada has already developed and implemented a freight fluidity indicator that uses similar measures to assess the performance of Canadian supply chains. In February 2014, at the North American Leaders' Summit, the North American Heads of State committed to the development of a North American transportation plan, beginning with a North American freight plan. Coordination and collaboration among the United States, Mexico, and Canada on measuring supply chain performance would contribute to the advancement and realization of the freight plan.

The text of our recommendation and its background is attached. Our recommendation is based on our members' collective experience in managing supply chains, moving goods and commodities, owning and operating freight facilities and logistics services, and working with and representing government agencies at every level. The recommendation builds on research by our Freight Policy and Movement Subcommittee, assistance from the Office of the U.S. Secretary of Transportation and the Federal Highway Administration and advice from members of the Department of Transportation's National

Freight Advisory Committee.

We strongly believe that it is crucial to implement this recommendation to improve the competitiveness of our supply chains in the global marketplace and to achieve the Administration's competitiveness, trade and economic growth goals. We respectfully request that you distribute it to the Administration and appropriate Federal agencies for use in future legislation and program development.

Thank you for your continuing support and commitment.

Respectfully submitted,

Mr. Rick D. Blasgen
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Chair, Advisory Committee on Supply Chain Competitiveness

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The Port of Los Angeles
Subcommittee Chair, Freight Policy and Movement