Thursday,
January 15, 2015

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

APPEARANCES:

ADVISORY COMMITTEE MEMBERS:

MR. RICK D. BLASGEN, COMMITTEE CHAIR
MR. PAUL BINGHAM
MS. LESLIE T. BLAKEY
MR. SANDOR BOYSON (VIA CONFERENCE CALL)
MR. RICHARD BREFFEILH
MR. STAN BROWN
MR. JOSEPH G. B. BRYAN
MR. JAMES COOPER
MR. CARL CARTER
MS. LAURIE HEIN DENHAM
MR. PAUL FISHER
MR. BRANDON FRIED
MR. JEVON T. JAMIESON
MR. TONY Mcgee
MS. TIFFANY MELVIN
MS. ELIZABETH MERRITT
MR. MARK MICHENER
MS. GINA REYNOLDS
MS. CYNTHIA RUIZ
MR. CHRISTOPHER S. SMITH
MR. RONALD F. STOWE
MS. ANNE STRAUSE-WIEDER
MR. JUAN VILLA
MR. SHAWN WATTLES
MR. THOMAS WEILL
MR. DEAN H. WISE

DEPARTMENT OF COMMERCE REPRESENTATIVES:
RUSSELL ADISE
EUGENE ALFORD
RICHARD BOLL
DAVID LONG
JOHN MILLER
ALSO PRESENT:
NICOLE ADAMS
NICOLE BRYAN
ALLESANDRO DANTAS
MARISELA CARABALLO DiRUGGIERO
KEITH DEVEREAUX
BRIAN FLOOD
MARTIN ROJAS
DARREN ROTH
## CONTENTS

<table>
<thead>
<tr>
<th>COMMITTEE WELCOME</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Long, Director,</td>
<td>6</td>
</tr>
<tr>
<td>Office of Supply Chain,</td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Commerce</td>
<td></td>
</tr>
</tbody>
</table>

| WORKFORCE DEVELOPMENT SUBCOMMITTEE LAUNCH  | 8    |
| Anne Strauss-Wieder, Subcommittee Chair     |      |
| Workforce Development                      |      |
| A. Strauss-Wieder, Inc.                    |      |
| Initial discussion to define work program  |      |
| objectives                                  |      |

| INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS | 50/136 |
| Sandor Boyson, Subcommittee Chair, IT & Data |      |
| Co-Director, Supply Chain Management Center,|      |
| Robert H. Smith School of Business          |      |
| Subcommittee report and deliberations on    |      |
| draft Recommendations                        |      |

| U.S. TRADE AND INVESTMENT OBJECTIVES:      |      |
| NORTH AMERICAN SUPPLY CHAIN                 |      |
| Deputy Secretary Bruce Andrews              | 106  |
| U.S. Department of Commerce                 |      |
| Assistant Secretary Marcus Jadotte          | 128  |
| Industry and Analysis                       |      |
| U.S. Department of Commerce                 |      |

| TRADE AND COMPETITIVENESS DEVELOPMENTS     |      |
| Shawn Wattles, Subcommittee Chair           | 142  |
| Trade and Competitiveness                  |      |
| Director, Supply Chain Logistics, the Boeing Co. |  |

| BRIEFING ON FREIGHT ISSUES: NALS/HLED, NFAC |      |
| Fred Eberhart, Department of Transportation | 168  |
| Ed Strocko, Department of Transportation    | 178  |
| Crystal Jones, Federal Highway Administration| 182  |
| Review of DOT programs affecting North      |      |
| American Supply Chain, freight policy, and  |      |
| infrastructure Commitments; update on NFAC  |      |
| work                                        |      |
FREIGHT MOVEMENT AND FREIGHT POLICY DEVELOPMENTS
Cynthia Ruiz, Subcommittee Chair
Freight Policy and Movement
Deputy Executive Director of External Relations
Port of Los Angeles
Discussion of North American issues for
Subcommittee work plans in light of NALS
And HLED developments

FINANCE AND INFRASTRUCTURE DEVELOPMENT
David Long
Update on status of September recommendation

CLOSING AND ADJOURNMENT
Chair Rick Blasgen
President and Chief Executive Officer
Council of Supply Chain Management
Professionals (CSCMP)

David Long, Director
Office of Supply Chain, Professional and Business Services
U.S. Department of Commerce
Meeting wrap up and next steps, schedules
PROCEDINGS

COMMITEE WELCOME

David Long, Director, Office of Supply Chain, Professional and Business Services U.S. Department of Commerce

MR. LONG: If I can have everyone's attention. Let's get started. This is day two of the meeting of the Advisory Committee on Supply Chain Competitiveness. Everyone is familiar with the ground rules, where the facilities are. And without further ado let me turn it over to our Chairman, Rick Blasgen.

CHAIRMAN BLASGEN: Thanks, David. Good morning everyone. We are ready to go here. I hope you all have a copy of the agenda here. The only change is we have the Deputy Secretary, Mr. Andrews, coming at 11:30 as opposed to 11:15. So he'll be with us right up until lunch. So we'll look forward to hearing from him.

There is a bio on him. Hopefully you've all seen that.

So today we'll hear from the four subgroups and certainly we want the whole full committee to weigh in on the direction that each subgroup is going. We had several subcommittee meetings that occurred
yesterday evening which is great. So we'll have some fresh updates from all the groups.

As always, we can be flexible on time, but we certainly want the input of this full committee to provide direction and advice to the subcommittees as they go forward with their work.

So with that, let me turn it over to Anne.
WORKFORCE DEVELOPMENT SUBCOMMITTEE LAUNCH

Anne Strauss-Wieder

Subcommittee Chair, Workforce Development

A. Strauss-Wieder, Inc.

MS. STRAUSS-WIEDER: Newest committee, first up. I'm hoping everybody has had their coffee.

[Laughter.]

MS. STRAUSS-WIEDER: We had our first meeting yesterday, to get started. And I'm going to walk through very briefly what we're coming up with and for consideration for the committee.

So we can go to the next slide there.

So this was also a technology effort. First time I've ever developed a PowerPoint on an iPad and attempted to send it somewhere.

There are four areas that were of initial inquiry, actually, three leading up to a series of potential action items for the full committee consideration.

First, is looking at what workforce elements we want to focus on in the subcommittee and ultimately within the committee; second, identifying the best practices; third is summarizing those levers available at the federal level to address what we identified; and
finally emerging out of those three the kind of action we want to take.

So if you go on to the next item, and I do ask that the other members of the subcommittee chime in. It was very much a group effort here. We realize that we are blessed with a couple things.

First of all that lots of people are working on the subject and also that, I guess, the Secretary has indicated an interest in this area. But it also means that we have to be strategic in what we initially focus on. So, our thoughts are to focus on supply chain and production workforce needs not likely to be addressed by technology, so where we definitely need labor and where we do not have it now and into the future. And understanding why that has occurred including all the various ways that skills are provided, how we recruit people.

It was brought up that sometimes people don't know what supply chain is or manufacturing, or that these industries don't have the best reputation as a good source of income. Even though the Wall Street Journal had a good article last week about how much, you know, a welder right out of high school was making. But it really is a mindset.

And then also recognizing that we need to
recruit in three areas: students, as they come up through the educational program, returning vets, and also mature populations and what goes on with that recruiting as well. And we talked about some of the issues there.

We go on to the next piece. This is best practices and, again, a huge amount of work going on in this area both in the universities, the high schools, the colleges, industry and union apprenticeships, as well as economic development agencies.

I was going to ask Tiffany and Dean if they could just briefly discuss two examples here in whichever order the two of you want to do. Dean, you mentioned about BNSF and what it took to get 7,000 new workers and Tiffany, you talked about the accreditation program and then Gina, you may want to talk about the initiative down in Florida as well.

MR. WISE: We've been under a lot of stress not being able to perform as we would like, and our customers would like, and one of the solutions was simply to over resource our workforce. We had about 45,000 people last year and we hired 7,000 last year for a net increase of 3 to 4,000. We will probably do something like that again this year.

It's true of all of the railroads, it's a
growth business. But to get 7,000 and there will be probably a 10 percent fall out after six months to a year, which is not a bad turnover. Trucking industry is in the triple digits turnover, ours is only maybe 10 percent.

To get 7,000 people our HR folks estimated that they had to process about 400,000 applications and so we've gone through a whole effort of how do we streamline all of that because there's so much washout from all the various requirements, drug testing. We have BMI testing, you have to be reasonably in good physical shape to be working on a railroad outdoors.

So the process just to get through that and the effort by our HR team to do that and plus a lot of the challenge is really in the areas of greatest demand, geographic -- Edmond, North Dakota. I'm not sure North Dakota is going to be seeing that next year, but we've had to pay all kinds of additional moving fees, sign-up fees, bonuses, stay-with fees, et cetera, to get people and retain people. So it's a mad scramble. I'm not sure we can say it's best practices but we succeeded in getting that level of recruiting which, you know, ten years ago we weren't doing stuff like that.

I don't know if you want to call that best
practice, but other companies hire more than we do.

I'm sure Amazon hires more than we do in a year, but for us to kind of set that up, and a lot of these are the jobs you're talking about that at least for the next 10, 15 years, they won't be challenged by technology.

MS. MELVIN: Okay. Great. So I was just telling Anne this morning -- I missed the meeting last night -- but NASCO has been working with an organization called the Manufacturing Skills Standards Council and it is the national -- the U.S. nationally accredited body to develop and train -- develop these certification programs in entry and mid-level logistics and manufacturing jobs. They've got certified logistics associate, certified logistics technician, certified production technician, they have a bunch of different courses already that are designed to be taught at community colleges or online, but they have started going into high schools and they work with -- they can work directly with the community colleges to set up the training programs, but a good kind of best practice example is in the North Texas area and they have worked -- and they've done this in several places, Ohio, all around the country already. But they work with the local kind of metropolitan planning
And so in North Texas they applied for a grant to work with the North Texas Workforce Board and the MSSC and they have gone into high school and even elementary school to talk to kids about, hey, a transportation job, a logistics job, a manufacturing job is a great career path. And to get them kind of excited because right now we're having a lot of the kids that come out high school that aren't interested in those types of jobs and so really starting at a very early age to talk about opportunities in that type of career. And then going on and having the certification programs offer at high schools so that by the time they graduate they're actually certified.

And then another example from the North Texas area is the Alliance and Global Logistics Hub. It's a huge intermodal, inland, global logistics hub in north Fort Worth. And they have partnered, because they have so many companies that work there, with the MSSC to promote those training capabilities and to have that workforce ready as a way for economic development. Come to our area, we have your workforce ready and if not, we've got a training program right in place. And so there's a lot of great stuff going on with this.
And since this is already a nationally accredited body, the other thing is that they just got their ISO standards, so now they can actually offer these certification programs on a global basis. So we've helped introduce them to Mexico and Canada because our organization is promoting a North America portable credential and as this council gets more into the North American issues, the concept is, you could be trained in one country, but if you move to another, your certification is respected and has value and you don't have to retake the courses.

So I told Anne that I would introduce her and the committee to the MSSC and possibly they could do a presentation on one of the conference calls we're talking about, the webinars. But it's a great existing best practice that already works all over the United States and certainly is something to think about for the committee.

MS. REYNOLDS: Actually what Tiffany was talking about is pretty much in line with what we're doing in Florida. We recognize that when kids graduate from high school, they're graduating without skills in most cases. So we created career academies that are specific to industries that are providing industry certifications so when the kids graduate they're
prepared for the workforce in those same areas that
we're trying to recruit in economic development or
existing businesses.

MS. STRAUSS-WIEDER: So there are a couple
things we want to do. These are just three examples.
Jim talked about another one yesterday. We all have
them and there's just so much research going on and we
are not subject-matter experts in labor, we recognize
that. But we thought what we would do in working with
John is begin to assemble all these reports and
resources in a website or something so we have a
database, a file tab and have all of these so everyone
can look at them.

The other thing is, we've determined as a
subcommittee that we'll try to hold four conference
calls or maybe even webinars between now and the next
meeting where we'll hear about up to four different
programs, try to select one of those for the whole
committee to hear about at the next meeting. And we do
invite other members of the committee to join in on
those conference calls.

CHAIRMAN BLASGEN: Anne, one quick question.
When we talk about supply chain and workforce needs not
likely to be addressed by technology, so we're talking
about jobs that probably wouldn't be replaced by a tool
or some --

   MS. DENHAM:  A robot or --
   CHAIRMAN BLASGEN:  Right. Is that what you're
   -- you know --
   MS. STRAUSS-WIEDER:  Yeah.
   MR. WISE:  Can you give us some examples?
   Right now I think everything is replaced by robots.
   [Laughter.]
   CHAIRMAN BLASGEN:  It's just a matter of time.
   MS. STRAUSS-WIEDER:  This came up and I do
   credit Paul who came up with a good recommendation
   about -- the fact is, we all recognize that technology
   is shifting workforce requirements. It's also changing
   the skills that are required. Because, fine, it gets
   replaced by a robot, they need someone to service the
   robot. We're not kind of at the George Jetson era yet,
   but there are certain jobs that have been receding and
   other ones are growing. So we don't know what those
   are yet, but we're sure that there are segments that
   are just not going to be replaced. Just not likely to
   be -- at least in the near future.

   So it's a hard part, but we had to figure out
   how we could narrow down the focus. We don't want to
   say replaced by technology, necessarily. But private
   sector, if there's a way of doing it more efficiently,
the industry is going to do it. I think of the Amazon. You've got to keep a robot. That doesn't mean you can cut down on the labor in your warehouses. So there is all sorts of needs. We just need to identify, but we had to figure out what we could focus on here.

CHAIRMAN BLASGEN: Right.

MS. STRAUSS-WIEDER: So a part of it is going to be defining, Rick, exactly what we mean by that statement. But at least we've got people intrigued by it.

Just to go on to possible levers, because that's where we can help with actions. We recognize the president just announced a community college initiative. The Department of Labor has also the grant programs. The idea was brought up to come in with the new Congress potentially looking at models among states that provide tax credits to certain businesses or educational initiatives to help pay for them. And what we need to do there is personal. It became really clear, really quickly -- and Rick experienced this yesterday when he was talking on a panel -- that just about every single organization has a workforce initiative. So that's good news to get. Everybody is focusing on this. And I don't know if we'll have more than 47 departments, the way the other committee has
it, but I think we're going to get somewhere close.

And in fact, when we get to the next one, we'll talk a little bit further about that. But we did ask John if he could kindly begin to assemble on a federal level, all the different department actions and advisory committees that have been set up on this so we do know what's out there.

And then also beginning to develop simultaneously at the state level as we develop all these reports, what are some of these great practices that we could see emulated or nurtured at the federal level.

And I just want to go up to the last slide, finally, with the bills on this, we recognize just how much work, and I know the Department of Transportation has now set up on a group on this as well, but we actually may have a recommendation to put in front of the committee at our next meeting which is really simple, and that's to recommend that the White House focus on interagency coordination because with so many people looking at this question, there may just be too many cooks in the kitchen. So at least get everybody organized and focused on it and working together so there's no duplication of effort. But this may require the White House and indeed -- I'm trying to remember
the name of the group. What was the group that's
working on the White House task force?

    MS. DENHAM: Oh, the National Economic
Development.

    MS. STRAUSS-WIEDER: So there is a task force
at the White House level as well. But we thought it
would be good to begin to coordinate that.

    And what may also come out of identifying
what's happening at the federal level is that there may
be another speaker that we ask to come in, in April as
well.

    So I open it up to discussion. But first I
want to ask other members of the subcommittee to chime
in, thoughts or comments, whether that covered our
really deep discussion yesterday?

    MR. CARTER: Anne, I'll just add that I think
one of the key points also that was discussed in
subcommittee is that there were really three areas that
we think there needs to be focus on in terms of
addressing the workforce issues. We think they're at
the high school level, college level and also the
employer level. We talked about the fact that there
are a lot of high school programs now that are being
set up in various states that are viewed as pipeline
programs. One of the issues is that in the past a lot
of high schools across the country have all vocational programs, but the issue is that those high schools now don’t have the funding. So we think there's an opportunity to partner with the high schools, the junior colleges.

Tennessee has a promise program. President Obama just announced his program. We think if we can start linking all those various areas which are focusing and partnering we can make some progress.

MR. FISHER: I'd just add to Carl's statement. We also talked about shortages of programs at the university level that train senior logistics people if there's a shortage of that -- keep it focused on technology, et cetera.

CHAIRMAN BLASGEN: Yeah, it seems we always end up talking more about transportation than anything else because there's these numbers on pending truck driver shortages and so on, and it's a big number as it relates to total logistics across the United States at least.

You know, the other thing that you talked about was the image that the industry has. I know transportation -- the transportation industry has been fighting that -- how do you professionalize a truck driver? That's where the impact is felt immediately
and how do you drag it down into the lower levels of education? You know, people don't see logistics -- transportation logistics or supply team management as a career until they stumble across it at some university. And yet, we're not graduating enough of students out of our university programs to fill the management positions let alone from my workforce workers whether they be in distribution centers, transportation companies, or manufacturing organizations.

So, you know, there's a lot of technology that exists in the logistics pipeline as we all know and yet younger people are not -- they don't see that. They don't see it as a sexy, you know, career destination, and yet it is. And so, there's an opportunity for a major marketing campaign, if you will, on what it is. I mean, UPS, you know, brought it a little bit down that pathway. We love logistics. If you recall that advertising campaign and so on and so forth? But I'm sure you guys see it in your recruiting.

Every time I go to speak at a university or a community college, I ask them, do you have relationships with high schools in the area so that you can talk about the programs you're building and figure out a way to get a feeder program. I think that's a huge opportunity for this community as well.
MS. DENHAM: And I think kind of our idea is to be a clearing house for that sort of thing.

CHAIRMAN BLASGEN: Right.

MS. DENHAM: There's different things going on and instead of reinventing the wheel have things -- you know, have a clearing house where people could pick and choose, this is good, or this works or collaborate with other groups on what they're doing.

CHAIRMAN BLASGEN: And I think it's an area this committee can get behind, if you think about it we're the Advisory Committee on Supply Chain Competitiveness, it's hard to be really competitive globally if you don't have the people with which to be competitive --

[Laughter.]

CHAIRMAN BLASGEN: And we can take that under our guise and come up with an elegant solution on the way you get there.

MS. STRAUSS-WIEDER: And it's been brought up in the press already. As companies have looked at bringing production back to the U.S., one of the issues has been finding a workforce with the correct skills to make that happen. So it's already a competitive issue and one that we can get behind pretty easily.

MR. MICHENER: Did the subcommittee talk at
all about situations where there's licensing requirements to do that job and the way the licensing requirements are set up they -- I'm thinking specifically of the driver situation. So the driver can't get a CDL until he's 21 years old. So most people then have started a career in something else already and now you're asking them to change careers. So that may be a situation where -- and I think it's primarily for safety reasons. But, you know, if somebody has gone through the proper amount of training, you know, meets the requirements to be able to get that license, I would think that somebody should be able to get a license, you know, at 18, or, you know, right out of school.

And there may be other situations like that.

MR. COOPER: There are some situations also within certain states where you can't even do a coop program with high school kids because the law says they have to be 18 to be employable within a certain type of working environment. And so really a fresh look has to be taken across the board at these impediments to drawing the younger people in. Because there are certain types of jobs where kids could become familiar with how manufacturing works without putting them into a hazardous situation at such a young age.
MR. McGEE: One of the best sales tools would be people that are currently in the field. And one of the issues that I'm struggling with is I'm constantly trying to get reimbursed for additional training for our people. Because if you have a person that's been doing it for a number of years and they go out and they're speaking to the young people and they're making, you know, $80, 90, 100,000 that's as big of a marketing campaign as you can get. But what I'm struggling with and then I'll ask Gina about it, is how do you access some of these different grants and things like that for additional training for your current workforce? And every time I sit and talk to the people, it sounds good, but then once you start going through the process, oh, well, you're not approved for that. So if we can, kind of, dumb that process down and make it very accessible to industry as it stands today, I think that will be one of the huge factors in drawing more people in.

Once again, your best recruiters are the people that are currently doing it and they're making a good living at it. They can spread that message.

MR. LONG: Are there useful international examples to draw from? Are there particular practices we've seen abroad or --
MR. COOPER: Germany is probably one of the models most talked about currently. What a group of us over the past couple of years have been discussing is you don't have to adopt the full German model. You can do a hybrid approach where in Germany a lot of the concern is, do kids have a choice once they're pegged into a career path? What happens if they just don't like it several years later, are they stuck in that career path?

You know, it doesn't have to be that way. And so that's probably one of the main models held up because they do start them in high school on a dual track training where there's an academic part of it and then in the afternoon they actually go to a job.

MR. LONG: There are some good examples with German investors in the U.S. like BMW and Mercedes and others working, not so much at the federal level, but with state governments and chambers of commerce of Tennessee and the Carolinas and I think possibly Alabama too. They do a lot of work at sort of the local and regional level. Maybe some of that could be tapped into.

MS. DENHAM: Well, and last year the president announced the update initiatives with apprenticeships for companies. And so starting in July companies can
apply for funding for apprenticeships. But I don't
know how lengthy the process is. I've sat in a two-
hour webinar about how to go about it.

MR. LONG: Well, this is actually something
interesting that would give it even more attraction
inside the government is that a quality improvement in
workforce training makes it more attractive to invest
here. And it seems like the entire system right now is
working to make that a more attractive place to invest
in.

MR. WISE: We're hiring -- about 25 percent of
our new hires are from the ex-military and very good
background and learned some discipline and how to work
in solid organization and they've got some skills. And
it's not just railroads, but I think the DOD connection
here should be important too because that's a very good
background for these kinds of jobs.

MR. FISHER: To pick up on Tony's point, one
of the things we're going to look at is the range of
federal programs out there to see which ones really
work. Sometimes these incentives are put out there and
then nobody takes advantage of them. So to survey all
of this and say how do we concentrate federal
assistance and business participation and workforce
training maybe simplify how we assist that and to
encourage companies -- and many of them are doing it now -- to involve themselves with the universities and junior colleges to prepare people for their businesses. So that's definitely one of the things that we want to look at and this White House task force is in part designed to take a look at all the programs out there and say, how do we pick and choose and put the federal dollars behind what works.

CHAIRMAN BLASGEN: And that's just the federal program. There's a ton of state programs out there as well.

MR. FISHER: Well, you know, the federal government has supported infrastructure development where there's a state match. So that's maybe a pretty good model in workforce development and the idea to say, what's best practice? What are best practices at the state level, the qualified programs maybe as a concept and say you apply. And the things that came up was the "race-to-the-top" concept that came out of the Department of Education to say, okay, there's federal money, but let's see people apply for it in this workforce area and see which ones the federal government supports as an experiment that might be replicated across the nation.

CHAIRMAN BLASGEN: You know, I facilitated a
panel not long ago and it was one of these supply chain
2025, what's the world going to look like and if we
find life on Mars we'll have an intergalactic supply
chain.

[Laughter.]

MR. WEILL: Should we start planning that now?

CHAIRMAN BLASGEN: Yeah, I think soup. They

need soup.

[Laughter.]

CHAIRMAN BLASGEN: But I said, you know, the
eight-hour workday, is that becoming obsolete? You
know, you think about how everybody works, you know,
how often are you online some Saturday morning e-
mailing somebody and they e-mail you right back?
They're like how's the coffee? I don't know, How is
your? Why are you working on Saturday morning? I don't
know. Why are you working on Saturday? Now everybody
is immediately connected and immediately responding, it
makes you wonder about, you know, that's just simply
how we direct people whether they're exempt or non-
exempt, or what overtime means and doesn't mean. Is
the eight-hour workday becoming obsolete?

We talked yesterday about the border, right?

One border, What's the point -- so, you know, how do
you all feel about -- like, Dean, in your world there's
-- it would change life immensely but you have to figure out a different way to adjust the workforce and who knows what the duties would say and so on and so forth.

You know, we're trying to run everything 100 percent of the time. Right?

So why is an eight-hour workday? What's the magic about that?

MS. STRAUSS-WIEBER: And not just an eight-hour workday, but 9 to 5 is --

PARTICIPANT: Make it 12 hours.

[Simultaneous conversation.]

MS. STRAUSS-WIEBER: Look at the typical D.C. It's maybe running three shifts. It may be doing it 24-7. People don't necessarily work those kinds of hours. And going back to the idea of why this is occurring, you know, again, the mismatches, the image. If we're talking about working different hours, can they get from where they live to where they work?

And where, also, the millennials choose to live and the environment where they choose to work. So we recognize a lot of different organizations are looking at this. We'll start with a repository, get up to speed, but one of our easiest recommendations is that we will have to get organized on this because it's
nice that everybody is looking at it, but everybody is starting in their own little silos. So that's the least we can do is get us organized and focus on what David said. We can't compete globally if we don't have the workforce and the infrastructure to do it.

MR. FRIED: And there is one other thing I've been thinking about and that's the millennial workforce Anne just talked about wants to now start working in the cities, they're gravitating toward the cities now. And the supply chain jobs are typically out in the rural areas. So how to address that in the future, I think, is crucial.

MS. STRAUSS-WIEDER: I'm looking at Amazon because I know with the deal in New Jersey -- 7A -- part of the deal with the economic development agency was I think a shuttle service between -- some sort of transportation between D.C. and at least one of the communities that -- you probably know more about it than I do.

MR. MICHENER: We do that at several of our buildings to help people get to and from work.

MR. FRIED: I think Google is offering driverless cars to do that.

[Laughter.]

MR. McGEE: One more question on the DoD.
Dean mentioned something about military guys. Are there any programs or incentives that can be offered for that? And I'll tell you why, a very specific example. I had a young man that we hired and this guy put a water pack on his back so he wouldn't have to take time for a break. I mean, that's efficient.

[Laughter.]

[Simultaneous conversation.]

MR. McGEE: But I'm saying like -- but that's a workforce that needs a job too when they come out.

CHAIRMAN BLASGEN: Yeah, you know, there are examples of industry, you know, Howard Schultz from Starbucks is going to be our keynote speaker at our CSCMP Conference in September in San Diego, a conference which you will all attend.

[Laughter.]

CHAIRMAN BLASGEN: He wrote a book called For Love of Country and it's all about generating funding to support returning vets from the post-911 wars. And Starbucks has gotten behind that and said, we're going to hire 10,000 vets and put them in our stores over X number of months or years or something like that. So there's a lot of examples in industry like Dean alluded to as well that's happening, but why aren't we talking about that in this committee. You know, it is a
perfect place to make a recommendation on just that topic.

MR. COOPER: DoD actually does have a program, it's a transition program where now it's mandatory for returning vets -- their last six months on active duty are spent in a transition program. They can include training depending on -- I know down outside of San Antonio, the big Army base down there, a lot of companies work with the base, go in there, start conducting training before they even, you know, get out of active duty. But one of the things that has been expressed by a lot of folks is those are very regional efforts and it depends on the base and the location where, you know, you've got a lot of folks who are coming back where their base may not be collocated in a big industrial area. You know, Camp Lejeune, North Carolina being one of them where, you know, you're stuck out there in an area where there aren't many jobs for folks getting out. And so there is another avenue to reach veterans that is very rarely talked about. My organization is going to be tapping that over the next year or two and that's things like the VFW, you know, the American Legion. This is where they go join, so, you know, they can basically hang out with the guys that they used to hang out with and they don't have the
levels of bureaucracy, per se. Some of the DoD programs, some of the companies tossed up their hands and said, well, you know, I'll just go work with the base, to heck with trying to work with the Pentagon.

And so at a national level if you want to instill something, there are veterans groups, you know, Purple Heart Foundation, there are veterans groups that are really bastions of communication and the ability to reach a wide audience quickly.

The goal is getting them before they get back to the block and start hanging out with the friends that they used to hang out with and that kind of thing. You know, so it's a very narrow window of opportunity that we're going to have once these tens of thousands return over the next couple years.

MS. BRYAN: From the research side, we might want to build a little bit on what's been learned from the sort of tech involvement and how to get different people involved in STEM, coding, all of this to sort of change the image from sitting in a corner. So there is a ton of research on that as we know and a lot of money that has been put into that. So I think that learning from what have been the obstacles to getting young people into STEM careers to be also adopted with this. Happy to share that.
CHAIRMAN BLASGEN: Well, how do you -- David, maybe you can answer this -- do you just march over to the Department of Education and say, hey, we need to get this field into lower levels of education and they push a button and bang it happens?

[Laughter.]

CHAIRMAN BLASGEN: Because how do you do it? I mean, in the discussion yesterday on this panel -- my two sons went to a very good high school in northern Illinois in Lincolnshire, 4,000 kids and I'd always get this letter that the business teacher would send home saying, hey, we're bringing in these folks from a Chicago-based company, somebody from Boeing to talk about finance, somebody from Sears to talk about marketing, somebody from Motorola to talk about IT, somebody from, you know, some other company, Kraft talked about sales. So what did I ask? How come you're not bringing in some senior supply chain person? They said, yeah, we heard about this field, that it's kind of up and coming.

[Laughter.]

CHAIRMAN BLASGEN: I boxed up a bunch of stuff and sent it to them and said you're going to have a meeting with me and we're going to talk about this. So then I got to thinking about, how do you get this field
as a destination career into lower levels of education, let alone grade school, you know, they might hear about it. But how do you do that? Is it up to the states to do it? Is it --

MR. COOPER: It is. Education at that level is basically determined by the states. However, there are federal -- there can be federal standards of things like no child left behind, et cetera. And those either take an executive order or they take an act of Congress to initiate.

MR. BRYAN: I'll add something on that though. There are a couple of charter programs that I've seen at the high school level in the north east. One of them is operating in New York City. It's up in Harlem, a small operation. They're only in their second year, but the idea is to feed people who are young enough towards the jobs and make sure they know what the fields are. The idea is really to give them the option for college prep. And so a number of them want to go on to that. But not everybody will. That's supported by local industry. The Port Authority is one of the supporters.

In Massachusetts there's an effort underway that's actually being driven by the MBTA, so the transit agencies who are worried about their labor
supply. So they're trying to establish a charter school on the same lines in order to be able to gear people towards that. And they're interested in the full range of jobs that might be available and the connection to STEM careers as well as to other types of careers.

So what you're seeing is local agencies, but large ones who are taking action for their own long-term labor supply. And then I would think there's a method to -- there are options to organize that more nationally.

MR. LONG: There are things going on with that too like junior colleges and links to development agencies. That goes back to your point about how you break into this. A lot of what's happening at state and local and just chamber of commerce level is because it hasn't been worked out at a higher government level. So a combination of good recommendations, what's happening, and coming in very high in the government levels, that sort of thing makes a difference.

MS. DENHAM: And I think just what you did, really for the states, the industry has to be involved and for our high school programs, the high schools are required to have industry advisory boards. And that engages the industry because it's the industry that
needs the employees.

You know, we were talking yesterday, a lot of the high school teachers, you know, they don't have any more time than we do anymore. And, you know, they have all these new regulations they have to follow. And so to put in a whole other curriculum, oh, God, here's something new, they first have to be convinced that these are really good things and there are careers for their students in it. So I think it takes a joint effort with industry as well.

CHAIRMAN BLASGEN: There are association examples. The International Franchise Association has a program called VET FRAN which is all about promoting the hiring of veterans and so on. Bruce was just sharing that with me. So there's -- you know, a lot of organizations on the veteran side that are promoting that which is a good thing.

I just think that we have a major opportunity to send a message about this industry and, you know, whether it's driving a truck, working in a manufacturing facility, what are the careers and logistics in supply chain management and how do we make that more appealing to younger people?

MR. VILLA: Actually the council used to have a very good booklet when I was a member, you know, that
had, you know, why should you get into logistics?

CHAIRMAN BLASGEN: Yep, they still have that.

We’ve refreshed it. There is a video now called, "What in the World is Supply Chain" and it's a 45-minute video and it walks through Intel and different types of companies and things around the field and the discipline and the careers in it as well.

MS. STRAUSS-WIEDER: If it's okay, for April -- we're trying to get maybe two speakers, one on a best practices and one from one of the federal agencies, whether it's Labor or Department of Defense or the Veterans Administration, just to begin putting forward again and working towards two recommendations, one is coordinated efforts that we could become a clearing house as well as encourage at the most senior level possible coordination of efforts that are going on at the federal level. And then very much to Rick's point about improving the image, so this is a career that people want to get into and want to encourage their kids to get into. And that's the whole spectrum again in supply chain unskilled to skilled and production facilities as well as you heard from Tiffany.

MR. LONG: From what you discussed yesterday and what was mentioned about the scholarly literature
on those, are there pretty good numbers that estimate the scope of the problem?

MS. STRAUSS-WIEDER: The numbers are old. The truck driver numbers have been probably the most out there. Some of which are -- you know, there was an article last week in the Wall Street Journal -- I know John's seen it -- about the welders. Truck drivers are talking six figures in terms of the shortages. That may be self-correcting because I know a number of the trucking firms are both reorganizing the way that they hold goods going more towards kind of a hub and spoke so that drivers get home at night. They're doing signing bonuses. The average pay is getting better. That may be self-rectifying now, hard to tell. But I suspect as we go through and meld this file cabinet of literature, we'll see the extent of it.

But it's huge. We were talking yesterday just in the federal government alone, how many people are retiring out of agencies. And look at the average age of a truck driver which is in the upper 50s now.

CHAIRMAN BLASGEN: Right.

MS. STRAUSS-WIEDER: So that's the other issue we have. We have -- in addition to all the needs -- we have a very large group retiring now. So the need is compelling. And David highlighted it. If we don't do
this, we can't staff the businesses. We can't be competitive.

Just one other quick comment, we also work with the National Association of Manufacturing and Manufacturing Institute. Jennifer McNelly is their President and I saw her in a presentation about a year ago. And I've always remembered this little anecdote that she had because it shows even more what the problem is with getting people excited about these jobs. And she said that they understood that there's a sexiness image problem with transportation and manufacturing and so they did a huge research like a survey that they sent out to thousands of people across the country. And it was right around -- it was right, you know, after the big financial recession and it was kind of barely kicking off. And it was a series of questions, very general, about, you know, what do you think is going to get our country out of this mess? And it was all about, you know, returning to what made the country great in the beginning. And everyone was giving like super high remarks, like very important, you know, totally agree with manufacturing and logistics and, you know, return to this. And it was like a series of questions, and the importance of the logistics industry, and, yes, I agree, and all that
stuff. And then the last question was, would you
encourage your child to go into this line of work? And
it was like 80 percent of the respondents or 90 said
no.

[Laughter.]

MS. STRAUSS-WIEDER: And so they were saying
-- all the questions led up to that one final question.
And everybody was, yes, yes, yes. So important,
 extremely important for our competitiveness, for
everything, for every individual, and then would you
encourage your kid to do it? No. And so it's kind of
a -- you know, if you're going into that elementary
high school level, it's kind of a parenting thing, like
what you hear at home about, oh, God, don't do that.
So I just thought that was interesting. I've always
remembered it because it's --

MR. WISE: I think we have to acknowledge that
that that's a rational response. Who wants to be a
truck driver? I don't think any amount of promotion
and training is going to get more people to want to get
into a truck unless the pay is lot higher, I'm sure it
can be. And you have to kind of acknowledge a couple
of recommendations that are tied into trade policy. We
just on Tuesday are now going to allow Mexican truckers
permit into the U.S. That's a big supply solution;
right?

We were down at Tiffany's conference in Mexico City and I was just amazed the condition of the truck fleet in Mexico City, the long-haul trucks is better than the U.S. So just kind of getting through some of that and of course labor, U.S. labor doesn't like that. That's a big solution that will solve a lot more of this problem. The other one is just general immigration policy; right?

There are a couple big things you're not going to dive into, but I think the Secretary of Commerce, we ought to put a few of those on her list and then you get to the promotion and the training.

CHAIRMAN BLASGEN: Dean, you had some other issues with engineers; right? You were trying to hire -- I know you were in this committee talking about trying to hire a bunch of engineers and how many people you had to go through to get --

MR. WISE: Well, I was just saying most of our jobs. But our jobs are good jobs. I mean, they're well-paying jobs, they're union jobs. You start as a conductor, you career path, you become an engineer. You could be making six figures, right?

Trucker, you're not in, you're still not there.
MR. JAMIESON: I think it depends on which trucking firm you work for.

MR. WISE: Yeah, that's true. LTL pays better and so forth.

MR. JAMIESON: But I'll tell you on the Mexico thing with the pilot program that just concluded and the whole report that just came up from the DOT, over a three-year time period they only had 28,000 crossings. And of the 1.5 million miles logged by those 13 carriers that participated, 1.2 million of those miles were in border states. So, I mean, it basically came down to those carriers that left the border states of Arizona, New Mexico, California and Texas, they had nothing to get back. So everything was out past basically the 25 mile marker, not that much further and then they went back. And with only 28,000 crossings in a three-year time period, my gosh, you saw how many crossings they had on Laredo on a given day, that's nothing. That's a spit in the wind.

So DOT acknowledging the report said, look, we missed the mark big on getting participants in and yeah, I'll grant you, those fleets are pretty nice when compared to it. And when you looked at the final report it said, they were equal to or if not better than the average U.S.-Canadian fleet that's crossing on
the northern border. So it's there. But we only had three participants crossing into -- excuse me, five participants of U.S. carriers crossing into Mexico. You know, fuel is a big thing. And you can't get that -- for diesel that these new rules and regulations require amongst other issues.

So I just don't know if the Mexican crossing fleet coming in is going to be the answer. You know, there's still a lot of head butting going on with the number of agencies in the U.S. that are fighting it. IBT, and everybody else along the line, so I just don't know if that's really an answer to the question at this point.

Juan and I were talking today about so many different things that could be done along the southern border to increase the efficiency and the enhancement of the crossing process, not just building another road, not just building another gig, not just sticking, you know, an officer in a booth 24 hours a day. There are so many other things that can be done, but you've got to get through the bureaucracy and the brokers associations.

CHAIRMAN BLASGEN: Well, David, with our North American focus, which I'm going to talk about later, I would assume these are things that we can certainly
bring up from this committee’s perspective in recommendations.

MR. LONG: All of this is fairly right in the middle of the agenda for that and it can be construed as part of the freight and competitiveness agenda as well as part of any of these groups. I think the dream here is to write up how these things ought to be and these are things that affect how trade, regulatory policy, IT, the whole workforce development, how it all fits together.

CHAIRMAN BLASGEN: You know, if we would have said 10, 12 years ago, there's going to be this company called Uber that's going to do what it's doing today -- you know there are people out there thinking about Uber for trucking.

[Simultaneous conversation.]

MR. FRIED: I have a buddy of mine who just opened up an Uber for tow trucks.

CHAIRMAN BLASGEN: There you go.

MR. FRIED: You know, you want tow truck, you do the Uber thing and they --

[Simultaneous conversation.]

MR. FRIED: Uber for driverless trucks.

[Laughter.]

MS. STRAUSS-WIEDER: There are a couple of
companies that have Uber trucks. Transfix, actually
Drew McElroy was the CSCMP round table president and he
won the six-minute pitch at TRB on that Monday at
Transfix.

CHAIRMAN BLASGEN: What was the topic again?

MS. STRAUSS-WIEDER: Well, his company is
called Transfix, they are basically essentially an Uber
for trucking. And TRB does a six-minute pitch, kind of
like a shark tank and they select four, they go up
against the investors and freight won it this year,
hands down.

CHAIRMAN BLASGEN: Okay. So, Anne, in terms
of level of priorities, what are the things -- I mean,
I think we've got to keep this at a level that we can
have an impact.

MS. STRAUSS-WIEDER: Absolutely. The first
one in terms of impact, I think that was the thought of
the subcommittee is exactly what's on the screen right
now. To really start first with an initiative that
begins to organize all this. So, that would be our
first initiative, to get that White House attention to
herd all the cats in one direction.

And then I think building off of there, we
need to create a repository of information. Assemble a
list of all the agencies. We are going to have these
conference calls, build up two presentations, and I agree with you also, looking at marketing and image, that's crucial. So we have a number of different pieces. But those are our starting points at least on a very broad and important subject. So does that sound reasonable to everyone?

CHAIRMAN BLASGEN: Yeah. Other feedback?

MR. CARTER: The one other comment I'd make and I think Anne just hit on it was in terms of the marketing and branding. There is also an opportunity for redeploying, if you will, professionals from other areas to the supply chain. We don't want to overload that.

CHAIRMAN BLASGEN: Right. Right. That's a good point.

I mean, I can tell you from where I've talked with companies, we don't have enough management talent let alone workforce talent and so on and so it's a great field. It's a great time to get into supply chain which is another reason why our quest for world supply chain dominance needs to be.

All right. So we are right at 10 o'clock and we always build into this meeting a morning break so we can refresh our coffee and make a phone call or two and take a bio break. So we'll see you all back here at
10:15.

[Whereupon, at 10:00 a.m., the meeting was recessed.]
AFTER RECESS

[10:25 a.m.]

CHAIRMAN BLASGEN: Okay. We've got the next committee, the ITDS committee. Sandy Boyson is on the phone and he's here with us. So we're passing around some documents for us to review. So once we get those, we will take a moment to read those and then Sandy --

[Simultaneous conversation.]

CHAIRMAN BLASGEN: So, Sandy, take it away.
INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS

Sandor Boyson, Subcommittee Chair, IT & Data
Co-Director, Supply Chain Management Center,
Robert H. Smith School of Business

MR. BOYSON: Thank you very much, Rick. First of all, I do want to thank the members of the IT and Data Subcommittees for the opportunity to serve as chair with them and to also express my gratitude that Tiffany Melvin has taken on the new chair and I hope this [indiscernible] in the months ahead.

I would encourage the advisory committee as a whole to engage with the ITDS development to really [indiscernible] and it was very gratifying to hear the progress that they get today. I did listen in on that.

And I do feel there are many [indiscernible] and unknowns and before addressing the report or any questions that may arise from actually two reports and a letter that we as a subcommittee have developed, there are some things that I just kind of want to reflect on with the committee as a whole for just a minute, if you don't mind, Rick.

There are many looming [indiscernible] and unknowns about this project that we just have not been able to get information - or an understanding of in my
opinion. For example, we've never been able to obtain or review any departmental planning assumptions that have been used or how they've changed or been modified over the past decade and a half. And let me give you just a couple of really quick examples. We don't really know what they're basing their technology sizing plan on. Is it based on projecting user patterns, usage patterns that were formulated before the great recession? Or are they in the potential size and demand that are generated by all three trade agreements that are being negotiated.

We also don't know anything about their phase-over plan. How have they configured the network to guarantee 99.9 percent up-time or availability? What are the security features that they built into the network to assure legitimate access, block intrusions, et cetera.

We also don't know very much about the financial and staffing. So what is their staffing plan? And we are mindful of the need that [indiscernible] has really had a difficult time with a steady flow of financial resources particularly for technical help. So if you look at their 2013 report to Congress, on page 16 they state that they had 30 contractor positions that were eliminated and that
staff were now doing tasks that were unfamiliar to them
that were previously done by contractors.

Plus if you look at their projected expansion
to $3.2 million in 2014, I'm sure many of you would
recognize that's a lot less than many corporate single
company IT budgets. They have a reserve of about 26.2
million which they deem adequate but cannot identify
funding sources to include export data elements into
their system.

So going into the final stage of building and
deploying ITDS when technical help support needs could
be more intense, will they have adequate funds? We
don't know. And how will they ramp up staffing with
the right mix of skills to deploy and maintain the
system? We don't know.

We had made a recommendation that has gone
through several modifications and I felt we needed to
explain that to the committee as a whole. We felt that
there was still need for various [indiscernible] and
senior technical leadership, and executive residence
was the way that we targeted the idea. Someone who had
very specifically single window total system life cycle
experience and that would help them understand the
entire requirement planning cycle, whole implementation
cycle, maintenance cycle, best practices transfer, et
cetera. So this executive position was conceived originally not at the Silicon Valley that comes in as a troubleshooter, but as a high-level project manager with unique experience in single window technology.

We had originally proffered the idea of Singapore because first of all it's a leader in single window technology. It has also been a leader in spearheading regional integration work in ASEAN and it's a key ally of the Trans-Pacific Partnership. So we had been in touch with the representative of the Economic Development Board which their single window trade net is part of in D.C. who we knew from prior experience. They were quite enthusiastic about finding the right executives for the project. They recognized the merits to them of doing that.

And we made that known to CBP and we thought that if someone like that could be paired with CBP's internal technical gurus, particularly folks like Tom Middleton who has met with -- he is very knowledgeable about technical architectures, middleware issues, et cetera, et cetera. They could come up with rapidly a very credible work breakdown structure, a very detailed schedule [indiscernible] as a clear guidance to government and industry.

So the pilots that we heard about yesterday
are set to begin in May. We don't know yet which industries or companies are engaged. And these questions are still frankly unanswered in my mind. And I'm just reflecting on about two years of work in my comments.

Our executive report, all of that was touched upon in our first report from our IT & Data subcommittee. Our second report was really focused more on the longer term and the need to do more detailed opportunity analysis, feasibility analysis, on interoperating North American regional single windows.

Now, this precedent for this, if you look at what ASEAN has been doing in its various regional integration pilots, we felt that a lot of issues had been raised, for example, in the ASEAN where things around technical architecture issues relating to particularly cyber security. And so without interfering with what we knew was the urgent schedule that is in fact needed to implement ITDS by CBP, we felt that the internal engagement committee which David Long is on could host and incubate such study activities and help guide sort of the timing and the staging of activities with Mexico and Canada to be least distracting to CBP and we hope this effort gets mounted.
So I want to just kind of make note of the sort of background observations. I will be happy to, you know, answer any questions I can. And we can go forward.

MS. MELVIN: Okay. Thanks, Sandy, so much. This is Tiffany. I think first I should say thank you so much to Sandy for all of his work as chair of the IT & Data committee because it was certainly a critical time for the single window and ITDS deployment. And I think the subcommittee -- I'm relatively new still, and they did a ton of work over the past couple of years really working with the main agencies involved in this process and keeping them on track and giving good suggestions. And with the knowledge that I could potentially be the next chair, a few weeks ago I reached out to a few people from the different agencies, trying to get up to speed on some things, and all of them that I spoke to actually really complimented Sandy, you know, very personally on his work and went so far--one of them--to say that he was really a mentor in helping with the technology issues and what they needed to be aware of as they move forward. So great job, Sandy. And he's still on the committee, obviously. And it's ironic because we are going from a chair that has intensive technology
expertise to one that has virtually none.

[Laughter.]

MS. MELVIN: So we're going to be leaning heavily on the other members of the subcommittee for that intense technological experience.

So we met last evening and I had an opportunity yesterday at the meeting actually though to get a little insight into some, I guess, concerns that some of the agencies might have about some of the recommendations that we are proposing today. And we met and did a lot of wordsmithing and made some changes to some of the things. Nothing too material, I don't think. But just, I wanted to kind of review. I had e-mailed to you before the North American -- the Trade Automation and the North American Single Window Portal document and then we just passed out the letter to Secretary Pritzker that is going to accompany, if you guys agree, this document.

In the front of this document on page 3 it starts the proposed recommendations. So you guys have the changes. In an effort to save paper, we didn't want to reprint the entire document with the changes because if you guys don't like them, they're not going to be official, so we're just going to kind of work from the two different documents.
And first of all, we thought that it would be a good idea -- I'll do the letter last, actually, because it kind of recaps the recommendations. So let's start with the document that's entitled "Modifications." And please, subcommittee members, chime in if you think that I'm skipping over something. The first recommendation was -- well, not the first recommendation, but for the recommendations we thought it would be a good idea to applaud the different agencies and particularly Customs and Border Protection and the Border Interagency Executive Council for the work they've done so far because they all have a lot on their plates. They are all really, really, as we heard yesterday, focused on this. And I think in the past several months they've really ramped up their efforts to get the 48 agencies working together. So we want to make sure that they understand that our recommendations are coming from a positive place in an effort to assist them as they move forward and not critical of them at all because they've all done a fantastic job. So that paragraph that you see right there is the paragraph that will go before the recommendations.

Oh, also we've changed -- we have recognized, I think, at the subcommittee level, and in some of the talks that I've had with people that even within the
different agencies there appear to be words that kind of are buzzwords that either are good buzzwords or maybe that cause concern. And so that the importance of the words we choose -- I think it is why we did so much wordsmithing last night -- I think really will have an impact because our recommendations -- there's a lot of, I think, confusion about some of even the technical words like "portal" and like maybe someone from one of the agencies has used portal as one thing, but maybe our subcommittee is referring to a portal as something else. And so we need to make sure that we're explaining what we mean by the words that we're choosing so as not to alarm anyone or cause extra work for anybody.

And so one of the first things we did was change the name of the entire document from Trade Automation and the North American Single Window Portal to Trade Automation and the North American Trade Portal which seems like a minor change, but I'll explain in a bit why we did that.

So then we had the paragraph applauding their efforts and also applauding their efforts in reaching out to Canada and Mexico through a lot of the different initiatives that are present in vehicles and mechanisms by which to do that.
And then the first bullet, the recruit an executive in residence, that one we are changing. We are proposing the changes to "in order to ensure successful implementation" and this is where you will follow along in your modifications page, "Recruit an executive in residence to manage the work by Customs and Border Protection, and the participating government agencies on its ITDS Single Window Strategy Planning Group, and assist in Single Window life cycle planning and best practices." So that is our proposal for the new bullet there.

And the ITDS -- we're calling it now, the ITDS Single Window because there is some -- I think not necessarily confusion, but some people refer to the single window and they mean one thing, and others are talking about the single window and they mean another.

And we're trying to figure out what exactly does everyone mean by the single window and/or ITDS. Some people that are familiar, and most of the people around the table probably know about international trade data systems for decades and the work they've been doing. But then some that are relatively new hear about the single window and I think there is a bit of confusion out there about what is ITDS and what is single window? Are they the same thing? Or what is ACE, and how does
that tie into everything. So we're trying to get
unified ways of talking about this. So we're covering
all the bases with ITDS Single Window.

Okay. And this executive in residence is to
focus specifically on the U.S. ITDS and working to make
sure that all the different agencies are participating
and staying on time. And the rest of our
recommendations go to a more mid- and longer-term
objective. So that first bullet is really the short-
term and specific to the U.S. ITDS Single Window.

MR. WEILL: Do you want to add U.S. there?

MS. MELVIN: Well, I think the ITDS is the
U.S. system. But that might make sense to put the U.S.
before ITDS just to be extra clear.

MR. FISHER: What is an executive in
residence? It's sort of self-explanatory, but what are
the --

MS. MELVIN: Well, this predates me a bit, so,
Stan, do you want to talk about the executive in
residence idea?

MR. BROWN: Yes, it's the [indiscernible] when
you need to understand what is going on with the
project, manage the activities -- it's a person to
manage the project that is outside of the U.S.
government.
PARTICIPANT: An ombudsman type?
PARTICIPANT: Yeah. That would be a --
PARTICIPANT: Like a very high-level intern?
PARTICIPANT: No. No. No, it would be somebody that -- as Sandy was stating -- that has deep knowledge of how to manage large, complex IT projects.

MS. MELVIN: Like a program manager.
CHAIRMAN BLASGEN: That's hired by the government?
MS. MELVIN: For like a one or two-year frame to get them through the December 2016 deadline to bring in an expert in kind of program management and the issues they're facing to help coordinate everything and ensure that it's being done on time and in the correct manner.

MR. FISHER: How tough is it to recruit somebody like that?
MR. BROWN: The problem in the past, as we've talked about in previous meetings, is that there is no urgency that they give us other than the date, but as far as managing the project, you know, from a phase perspective, from a deliverables perspective, you know, it's not up to the expectations like private business would have, in doing a large complex IT project.
MR. WISE: Are these page references, by the way, tied -- I mean, I can't find this. It says see page 4. What about the executive residence, where do I find that?

MS. MELVIN: I have no idea.

MR. HARSH: That was more a general statement about the need for the executive residence.

MS. MELVIN: He's saying --

[Simultaneous conversation.]

MR. HARSH: It doesn't say -- in this paper, page 4 does not go specifically to the executive in residence. It's talking more in a broader sense in the complexity. So maybe we can say something about --

MS. MELVIN: Rationale.

MR. HARSH: -- the rationale for why we need the executive in residence.

MR. BROWN: The other problem is that the pages no longer line up because it was page 4 before and we added a whole bunch of paragraphs and sentences. So it wouldn't line up from one version to the next.

MS. MELVIN: We can just double-check to make sure the page numbers --

[Simultaneous conversation.]

MS. MELVIN: We can add like a background rationale, see page 4, something like that for the
purpose behind the recommendation. Good point.

Okay. So then the next thing we discussed is that rather than having -- at the top of your original document in blue -- kind of the title of the recommendations was proposed recommendations developing a North American Single Window Portal. We're dropping that. It's just going to say Proposed Recommendations. And then each bullet will address if it's North American related or not. So we're adding a second bullet, the proposal is to add a second bullet that simply says -- where is my second -- right, to develop -- this will be a standalone bullet point -- develop a North American trade portal, a single access point to the Canadian, Mexican, and the United States single windows eliminating the repeated submissions of duplicative data. So we did that really in a response to some of the comments we heard yesterday and some conversations that we had also with some of the different agencies.

But there appears to be -- it's more of a political concern, I think. Like our committee, as we move more to North America, and just with the North American integrated supply chain already as it is, there's a lot of talk out there, you know, all over the country and industry about we really need to have one
single window for North America. So that you're not having to go -- like if they're all developing them in isolation, then that means that any industry is going to have to go to three different places. And the idea of a single window is to go to one place. So because we're talking about North America competitiveness versus other parts of the globe's competitiveness, and how we need as a continent to band together and work together, and we already have such an integrated supply chain system and so many of the major importers and exporters that are doing business with Mexico and Canada are the major volume of trade that is crossing the U.S./Mexican/Canadian border that it makes sense to have one place. But I think the word "portal" was concerning some people from different agencies about what does that actually mean? And a single window, right now I think -- it's my gut feeling that several of the agencies have their hands completely full with just making sure that they can do the internal U.S. stuff to get this thing going. And so the concept behind working with Mexico and Canada is not really as high on the radar. And that's understandable, a bit, but in the end, we don't want them -- there needs to be a constant awareness of an -- and there are existing mechanisms, but this middleware that make it very easy
to connect the systems. And so we don't want them to lose sight of the ultimate objective which is that, you know, if we are going to be a North American trading block that is competitive with the rest of the globe, we need to make it easy for businesses to do business in our three countries.

And so the idea behind our North American trade portal and then defining it so specifically was to say, we recognize they have got to work on just getting the 47 or 48 U.S. agencies coordinated. That is a full-time job. They had the meetings with the six deputies that came out the priorities or the pilots making sure the technology works. But they also had the priorities of an interoperability and then regional competitiveness. And by region they mean North America.

But most of the attention is being focused on those pilots and on making sure the technology works. But they have to deliver the other two which is interoperability and regional competitiveness. And so our committee felt it is very important to keep that on their radar and to talk to them about develop your U.S., make sure that it works with the 47 agencies, that's obviously a huge benefit. But then you're going to have Ventanilla Unica and you're going to have a
single window from Canada and there needs to be a single access point for North Americans. And that it can be done by middleware and by connecting the systems to where they can go on and if you have to answer certain questions from Mexico that are different and certain from the U.S. and certain from Canada then maybe all those questions are in one spot. And so you answer all of it and the technology sends the required information to the different countries and this can be done very easily. It's not requiring extra work, it's just extra software, from what I understand, middleware that would connect this. So we really feel as a subcommittee, and hopefully as an entire committee, that we should keep this on their radar and urge them to develop a single access point for North Americans because otherwise you're going to have repeated submission of duplicative data.

MR. LONG: I have a question.

MS. MELVIN: Yes.

MR. LONG: Are you talking about a software solution to connect different systems, or are you talking about an identical series of datasets for this? Is the message set for the U.S. system somehow to be identical or perfectly harmonized with Mexico and Canada, or is it a connection?
MS. MELVIN: It doesn't have to be. I mean, we also have a recommendation down below about the World Customs Organization standards. So the World Customs Organization has set out a set of standards for all countries to comply with as they develop their single windows. And so a comment that I received when talking to someone was that we can't give preferential treatment to Mexico or Canada because this is supposed to work with the globe. And the globe, all of the countries working on single windows are supposed to comply with these World Customs Organization standards. But the issue is that not all countries interpret the World Customs Organization standards the same way. And so my response was, well, that could take 25, 30, 50, never it could be so many years and never happen if everyone is interpreting differently. And the U.S. can't worry about the globe. But if it's going to worry about any other countries, it ought to be Mexico and Canada because they're our continental partners.

MR. LONG: Then are we implying negotiating identical message --

[Simultaneous conversation.]

MR. BROWN: The answer to your question in the short form is, yes, they need to be harmonized. And a silly example would be the manifest numbers. Okay.
The U.S. is 10, Canada is 15 and Mexico is 20. I just made that up. Okay. When we put this together in our pseudo access point here in the U.S., we have to give 20 characters to that data point so that any one of those three manifest numbers could be input at the time it needs to be input. All right.

So from a standardization spectrum, no, we don't have to make sure that the definition for Mexico and the definition for Canada and the definition of a U.S. is all the same, but we have to look at what the data elements are and make sure that if we have to enter data for a Canadian, or for a Mexican or for a U.S. point that the system that we use to enter the data here in the U.S. can accommodate them all.

MR. JAMIESON: Let me throw two things in this. Back in the early 2000's during the high point of the ACE development process there was a TSN, Trade Support Network Subcommittee, called the Harmonization Subcommittee. And it had all the players at the table, U.S., Canada, Mexico, and it was just this. Okay. You call a manifest number this, I call a master bill this, these are the data elements we need based upon everybody's criteria where it's ACE, ACI, Mexico, that's just gone the way of the dodo bird. Nobody knows why. I think that that would be a huge benefit
to talk to this conversation.

Secondly, Mexico Customs has come to U.S. Customs and said, look, we know you're developing an export manifest, we know that truck doesn't even have one by regulations, so you're talking at least two to three years. So that 2016 date is blown out the window. But Mexico went to U.S. Customs and said, we will put in exactly what you want us to do so that when your export data goes out, our import data will match.

And so Mexico is realistically already on board with whatever U.S. Customs says they need, Mexico says, just tell us and we will make it match to the export side so that we can swap data interchangeably and nobody has to do something different for a Mexico import manifest.

MR. LONG: I raise the question just to urge really, really high levels of precision on what it is you're asking people to do here. Because the big picture on this one is getting this thing implemented in the United States by the end of 2016 is right at the top of the list and they will not be able to divert massive resources to negotiating with Canada or Mexico or other governments for that matter until very late in the program when this thing is basically in the can. The work to get ready for interoperability and the
international work is going to be preceded by a lot of work to ensure that people are moving in the right
direction so no one makes an irrevocable mistake on the way through, chooses a technology or a definition choice that complicates things down the road.

But the great fear inside the program management team is that they don't want to be diverted by really complicated technical negotiations. The ones on that screen --

MR. BOYSON:  David, this is Sandy Boyson. And if you don't mind, I'd like to comment on that.

MR. LONG:  Please do.

MR. BOYSON:  From the very beginning and in my opening remarks here, we've been very clear that they have a very urgent timeline to get ITDS stood up in the United States. And so this was seen more as a sort of venture analysis, opportunity analysis group that could begin looking at what is really changing technology profiles or this kind of platform around the world changing practices that are very dynamic -- with some of our major trading regional blocks in ASEAN and so the whole point that really with very, very little distraction to the ITDS implementation date a research group could be formulated, it could be [indiscernible] this committee, subcommittee is that could take a look
at, what is the opportunity? What are some of the technology options? What is currently in place that could be built on? What might be added at what incremental cost, what we think the greatest return is, et cetera.

So that's kind of, I think, how we can use it.

And Stan would you go along with that? You know, you've been instrumental to the forming of that recommendation as well.

MR. BROWN: Generally, yes, I would, Sandy.

The point is that the executive in the city, this issue that we talk about right now will be right on his radar screen to go in and try to resolve, try to get the right parties to sit at the table and discuss to come up with the right solution. That's the reason why we need that executive in place to be able to do that.

MS. MELVIN: And we understand that their plates are very, very full getting the U.S. one done. And I think that that first bullet with getting the executive in residence, that is to assist them in making their goals and deadlines for 2016. I mean, they're already speaking with Mexico and Canada. I don't know that it would add that much work. I don't want to say it's a long-term objective, but it could be a mid-term and hopefully not necessary and it could be
a short-term one. But we recognize that their number one priority is getting the U.S. squared away. These are just suggestions because -- and a farther bullet point down that we'll get to talks about outreach and education. I think a lot of people are expecting the single windows to be interoperable with the rest of the globe in December 2016. So there's even some question about they're interpreting the deadline of December 2016 differently. Like what that means, December 2016, what is supposed to be done? The agencies don't quite agree on what that is yet. But then the people in the industry that are out there and that understand is that there's a December 2016 -- I think are expecting a solution.

MR. LONG: I just raised it to just check and see --

[Simultaneous conversation.]

MR. BOYSON: Could I add one last comment? And that is the issue of systemic risk. I think the profile -- the risk profile of ITDS changes considerably once it's up and running and there are interactions with North American counterpart systems. And it becomes then a systemic -- North American systemic risk issue. And I think that's why there needs to be and early startup [indiscernible] that
risk.

MR. JAMIESON: And we can't forget either that Canada is having a very difficult time even getting ACI mandated. And the problem from a regulatory standpoint is internal bickering, et cetera. So, you know, it just continually moves that kick the can down the hallway kind of a thing and I don't think until they can get that resolved and get it mandated that we can even begin this discussion right now with them. I don't know.

MR. LONG: I just wanted to tee up the question. It sounds like you have answers for it.

MS. MERRITT: I did just want to add, though, with regard to what you said, I mean, there are these initiatives ongoing to do exactly what you're talking about, this regulatory simplification harmonization across the borders. And it's a lengthy, lengthy process just to do this one thing for trucks crossing the northern border two times, right? They are starting in Canada --

PARTICIPANT: In transit modes.

MS. MERRITT: -- dipping into the U.S. and back to Canada or vice versa is taking just a huge amount of time. But there are these regulatory initiatives in place, and this is simply to say, don't
forget the technology side of that regulatory work that
you're doing. Make sure that you get the technology
solutions thought about as you're doing the regulatory
work as well.

MR. BROWN: I just want to make one
clarification. The harmonization I know that we're
talking about is not policy or regulation
harmonization. It's technology data harmonization.
Okay. So we're not asking anybody, at least, in my
opinion, to change any of the rules and regulations,
that they have in place. It's just, as I gave you an
example, making sure that when we set up the fields for
manifest, it takes into account the highest common
denominator and we make it 30 characters as opposed to
15 because the U.S. is 15. That's what we're talking
about.

MR. JAMIESON: And, Stan, that's exactly what
the harmonization subcommittee focused on, was making
sure, you know, just what Canada calls a master bill is
what we call a master bill and what Mexico calls a
master bill. That is 15 characters, it's 15
characters. That's exactly what it's talking about.

MR. FISHER: Who actually develops the
software?

Is that procured? Is that a procured --
MR. BROWN: They're building it themselves.

MR. FISHER: Who is "themselves", the government?

PARTICIPANT: The government.

[Simultaneous conversation.]

PARTICIPANT: So it would be great to have all of this harmonization, but why not think about a recommendation that maybe this ought to be something that's outsourced? If that's an issue.

PARTICIPANT: The cart has already gone on that one.

MS. MELVIN: The third bullet down is going to stay the same. Or it's actually the second bullet down on your document that now becomes the third bullet because we just added that other bullet.

Create a Regional Trade Portal Advisory Group under CBP BEIC and to study and advise CBP on developing more interoperable single window systems with Mexico and Canada. This ad hoc BEIC working group would participate in two forums, the Beyond the Border Initiative in Canada and the High Level Economic Dialogue with Mexico and provide solutions for the Customs agencies in the three different countries to resolve issues related to the single window portal inconsistencies. We kind of addressed this already.
This is both the Beyond the Border and High Level, already supported presidentially, current forums to resolves these types of issues, the work should be able to begin shortly.

Any question or comments about that?

[No response.]

MS. MELVIN: Okay. All right. So then the previous bullet three, which now becomes -- it's actually bullet five now. It was bullet four before. Okay. Perfect. All right.

Oh, there we go. That's nice. So this would be have the Regional Trade Portal Action Group -- that's -- yeah, that's the wrong one. There we go. Yeah. We didn't change that one. Okay. This one is the correct one to be changed. Have the Regional Trade Portal Action Group decide upon the set of operating standards most appropriate for a phased-in approach to our regional interoperability ensuring compliance with the World Customs Organization open data exchange standards.

So we added -- and we dropped Singapore and we added to ensure compliance with World Customs Organization. And, again, there's some discrepancy country to country on what that means, but they should at least -- we should at least be making sure that the
U.S. is doing that as we go forward because that's going to be the common standard for interoperability with the other countries.

Okay. Any questions on that?

[No response.]

MS. MELVIN: All right. Then we're adding on former bullet six, new bullet six -- sorry, just a footnote to explain what sandbox proxy server is. I think only one person on our subcommittee actually knew what that was who was there last night. So we thought it needed to be more clear. So we're adding a footnote that a sandbox is a nonproduction environment for testing purposes that does not disrupt the overall integrity of the live system.

Meaning, you set up this other server, you can play around with it, fine tune, fix things, and it doesn't disrupt what's already going on. And then as you get things tested and proven out, then they can be added to the live operation system.

Okay. And then the last one -- the last bullet, yes. I don't have a numbering issue anymore. Have the White House provide -- okay, it used to say summit during the first quarter, but we changed it to a status report during the first quarter -- possibly near the anniversary of the executive order -- to share the
progress made, what resources are still needed and what institutional challenges need to be addressed to make the deadline.

This progress report should be followed up with a robust, ITDS communication and education plan to all impacted stakeholders to include at least quarterly progress reports. This is our effort. We didn't think a summit was realistic. And they have plenty to do, but we do think someone ought to be sending out -- and they're doing a great job of already providing blogs and updates that way and they have the website where you can go. But we think that a lot of people don't take the time to go to the website. And it needs to be really a more comprehensive progress report about what they've done, what resources they still need, and what challenges they're having because that's the way that this committee and industry and beyond from all over the country can weigh in and be helpful. But if we don't know what they need, or if we don't know what's possibly going wrong, there's no way to provide ideas or suggestions.

And then the education plan, we were just discussing that there are so many people out there that hear about these things, that are involved in the industry may not really know what ITDS was or has
become. Here the single window concept, there's just a lot of uncertainty and questions related to this. But it's a big topic out there, you know, at the grassroots level because people hear about it and think this is going to impact me and my business, or it's going to streamline things, but what does it even mean? So we think that there needs to be an outreach and education program that explains clearly what ITDS is and what the single window effort is, and probably what they think of the December 2016 deadline, what is that for?

So to also manage expectations of industry because I think a lot of people think it's going to be finished and implemented by December 2016 and it looks like it may be technologically ready, but we don't know about political issues and things like that.

CHAIRMAN BLASGEN: Is there a natural entity that ought to prepare that education plan? And should we start that in here?

MS. MELVIN: That's a good question.

MR. BROWN: It should be part of the project team. They're the ones that know what the changes that they're going to be making to the existing systems are, what the new systems will be able to do, it should be a subset of the project team to do that.

MR. LONG: And we have a mechanism in place
now to take the materials that come from that project
team through the external engagement group and get them out. you will see more on the website.

    MS. MELVIN: Okay.

    MR. LONG: They have to be produced, to be disseminated.

    MS. MELVIN: Right. Okay.

    MR. BROWN: You know, change management is the reason that IT projects fail; right? So project teams and industry in my company, we have a whole subset of people on the project team that have no other responsibility other than change management indication. They should have that same type of plan. Again, that's what the executive in city or however we call it, would be responsible to do.

    MR. LONG: I agree and have said so, by the way.

    [Laughter.]

    MS. MELVIN: And so on that bullet, the letter that we've written, the only change the letter that we sent out for everyone's approval is that bullet because at the end of the letter that we had written that we talk about having a summit, and so we have now changed that wording to make sure that it reflects the progress report and be the exact wording in the recommendation
in the letter, so that they match. So that's the only change to the letter.

And then page 10, what are we talking about on page 10? Oh, okay, so then on page 10 of the report, in the United States section we had a suggestion to add a footnote to try to -- following a sentence about -- this is after ACE, so the end of the first sentence -- add ACE here -- there.

Okay. So under the United States section, the very first paragraph, it mentions ACE, and so what we're talking about is adding the sentence, "For more information about the history of developing the system in the United States, please see the 2013 ITDS report to Congress." And we just thought that since --

PARTICIPANT: Would that be a parenthesis?

MS. MELVIN: Okay. "IDS report to Congress", so we found a typo. And then to put a footnote with the link to that website. And that is just so -- it was a recommendation we received so that people that are reading this report and trying to understand what's all gone on, there's not a lot of history in this report about what ITDS is and how it started and what it was designed to do and the status of it. So we are giving them a link if they are curious about that, that they can go to, to make it easy to get that
And that concludes our changes and our recommendations.

CHAIRMAN BLASGEN: Okay. So we have two options, it seems to me. We can, considering all of these changes, vote on this at this time or is there any protocol problem with doing that versus waiting for another rewrite for the whole committee to get it again? What's the most expeditious way to do this and do it right?

MR. LONG: To do it right an ideal would be to have an entire clean document, I think. Within the rules of the system, if everything that was discussed is acceptable to the entire committee as is. Because we can't change substance on our own and just do it. We can edit things cosmetically, format, but the substance is entirely yours. So if everyone is entirely comfortable with the entire document as is --

CHAIRMAN BLASGEN: Well, let's bring that up because what we need to do is make sure that the full committee is in agreement with the report as well as the recommendations -- the modifications to the recommendations. The letter we can wordsmith some more, but how do you all feel about everything that's in the report including the modifications and all that?
MR. BROWN: I'm okay with it.

[Laughter.]

MR. WEILL: My only question is, I did hear two different things sort of on the date, to David’s question.

[Simultaneous conversation.]

MR. WEILL: My bias would be to sort of go with what the committee recommended because I think it would be faster to have a system that would accommodate the different data today and then evolve to something versus proposing that the three countries align on what the --

[Simultaneous conversation.]

MR. WEILL: You know, so I think that's where the committee was, but I'm not sure. That's what I heard this morning from some of the commentary.

MR. LONG: This is not something that has to be rushed. If it takes longer than we have today, that's fine. The thing is to get what you want and get it the way you want it.

So one additional option, if there are still open questions and we're not sure about everything, if you're not sure about everything you'd like to say, we can set up an entire conference call devoted to rationalizing.
CHAIRMAN BLASGEN: Well, I mean, we've got some time allocated to this now. I just want to make sure that the full committee gets its questions answered. You had your thoughts about North America and the U.S. and so on. And I wanted to sort of say, to me, this has more impact if we can talk about the three continents together with a focus on how does the U.S. -- but we've got experts here that are saying on the data side, let's make sure we don't build something or recommend something that nobody is going to implement. That common denominator there. Leslie?

MS. BLAKEY: Yes, is there any precedent for this executive in residence role? Any of you guys, is there such a thing that has ever been done with a regulatory agency before?

[No response.]

MS. BLAKEY: No one knows?

[Laughter.]

MS. BLAKEY: Well, I mean, you know, there are --

[Simultaneous conversation.]

CHAIRMAN BLASGEN: There is the analogy that czars that used to be appointed early on.

MS. BLAKEY: Well, the czars are --

PARTICIPANT: The term sounds so passive.
Don't you mean a project manager?

MS. MELVIN: Yes, I think -- Leslie, this predates me, but I think the idea is that it's done in business apparently quite regularly where you bring in someone to be the project manager. So it might make more sense to call it a project manager instead of a --

MS. BLAKEY: Well, surely they do have a project manager.

MS. MELVIN: I don't know that they -- do they have one?

[Simultaneous conversation.]

MS. BLAKEY: Every government agency over every single initiative that ever takes place has a project manager.

PARTICIPANT: Well, I can tell you from a Customs standpoint there is.

MS. MELVIN: I don't think they have one to coordinate all the different agencies involved in this. I think they all have --

MS. BLAKEY: I think what you're talking about is a joint program development office. I mean, all I am suggesting is that you figure out what this is and you get the right lingo. Because if the role doesn't exist at the federal level already, you'll never get it to happen.
MR. JAMIESON: Amy Hatfield is that -- she's the owner for ACE. And you've got Delanski who is the owner for export, and you've got so and so that's the owner -- I mean, what I'm hearing, that's their job -- but now somebody to manage the process for FDA and how everything integrates, I don't know --

MS. MELVIN: Like a manager, all those people you just named, I think we're talking about is all of the people you just named, they have their own ownership of their own stuff they're doing, but that it would be good to have someone up here that is responsible for managing all these to make sure it's all --

MR. JAMIESON: That's the old Brenda Smith job --

[Simultaneous conversation.]

MR. LONG: -- deputy secretary -- and he has his project people for the different subparts. He is responsible for that. There is not an exact corresponding person. What you're describing is an end-to-end czar.

[Simultaneous conversation.]

MR. HARSH: But the discussion that has been going on is to say the CBP's technical advisor needs help. And that this group has seen through personal
experiences like Sandy Boyson's -- DARPA and Stan Brown had some extensive experience with developing programs. So they feel based on what they've seen at CBP, they need an outsider to come in and oversee what's going on so that -- so I'm just saying that that was the intent. So maybe the title needs to be changed. But the intent is to have this overseer, program manager, to handle this whole process.

MS. BLAKEY: And my point is -- and you guys are actually employed by the government. So correct me if I'm wrong, but if this is something that really has not existed in the federal, you know, structure previously as a role, position, job, whatever, proposing it is, you know, we don't invent these things easily in the federal government. It seems to me as though if there is such a role, you want to -- analogous in some other area, you want to use what has previously been established as this type of role and the nomenclature for that. And for example, for the Air Traffic Control System for NEXTGEN, it's the Joint Program Development Office. You know, it certainly hasn't necessarily worked expeditiously, but it unifies all the different agencies that are working on it and has a person at the top of that, that's supposed to be managing the structure.
PARTICIPANT: Part of your talk here though is you also want a dedicated resource; correct?

MS. BLAKEY: Yeah.

PARTICIPANT: So is that also part of that precedent?

MS. BLAKEY: Well, I mean, you know, you don't have people running government programs who aren't employed by the government.

PARTICIPANT: Yeah, no, but they have multiple --

[Simultaneous conversation.]

MS. MERRIT: It's almost like you need a --

[Simultaneous conversation.]

MR. LONG: This is part of what Christine was talking about yesterday. I think they're working on this, but I think we may want to follow up with her and see if she's in a position soon to tell us more about it. Creating new positions from old cloth in the government in the middle of this is tricky. But what I took away from her comments yesterday was that they were working on this and looking for volunteers from effective industry to be considered for it.

[Simultaneous conversation.]

MR. MICHENER: Yeah, that thing that was concerning yesterday is that they are just doing the
job description definition. They're probably not very far in the recruiting process. I do think that this person needs to be at an executive level, somebody that has built these systems before, done this, experience driving large technology projects. So my concern would be changing the title to project manager and program manager.

MR. JAMIESON: You go into it from a 13/14 job to now a potential SES job and that's a huge step difference.

MR. VILLA: I think the other point we need to make sure is that some of the recommendations on the coordination with North America are already being done. Because as Jevon pointed out, that probably is happening or happened. So we don't want to come with recommendations and they will say, yeah, done, done, done, done, done, what's the next one. So I think we should run these ones that are in the final form through them again before making it official.

MR. FISHER: It would be worthwhile to add in the appendix an organization chart to establish who is a common entity. It seems to me you're creating a structure of a lot of big committee as we are talking about this, but really establish who is accountable to and at the White House endorse that so that the
different agencies will respect that chain of command. Because if you're an executive in residence and you're an outsider, how do you get people to do what you want to do? You know, so maybe that's an appendix item.

MR. BOYSON: Well, this Sandy Boyson again. This recommendation has gone through a series of iterations largely in response to what we've been hearing from CBP. So we started by saying they needed a SWAT team, that they were very behind schedule, that their technical folks -- it was not clear who was the technical leadership of the project. And there seemed to be senior policy people at the most senior levels, but they didn't seem to have the total technical systems overview. They did not have the total systems view of the project.

So we first came up, if you recall in our initial recommendation, with the SWAT team concept. We tried to get a senior technical leadership, single point of contact an empowered senior technical executive to manage the project and then to work with the policy leadership. You will recall, that was my first recommendation. That was not followed up.

Our second recommendation was, let's find someone. If you're not going to promote from within or hire from within, find someone who has a set of skills
for total systems development, you know, requirements
planning, definitions, system plan, overall system
development, et cetera, et cetera, the kinds of skills
that Stan has been talking about. We put that forward.
We've identified only one person in all our energies,
a gentleman by the name of Tom Mills, who is working at
the project level, not at the project overall senior
technical project management layer, but sort of in a
deployment day-by-day layer.

So since they weren't going to hire within, we
thought well, let's make the recommendation that maybe
they can recruit from without, much the same way they
did with the health exchanges. Because, you know,
there is a similar sense of urgency here as in health
exchanges, and that's what they did. They brought in a
sort of a technical expert from without. And that's
the way it's evolved.

Now, we originally suggested someone with
extensive single window system experience. And there
are many executives like this, who have developed very
large single window systems.

They felt that, you know, that it was easier
for them to get executive [indiscernible] by moving
with this high tech, sort of SWAT team core that the
Obama Administration has created that they've
apparently stood up, not just with health exchanges, but they're using them now in other high-need technical area. So that's why it kind of was left at this step.

You know, preferably it should be within. But that doesn't seem to be happening.

They're not going to do a single window executive. So what's left is an external sort of high-tech executive that might be able to be brought in. Is it the perfect solution? Absolutely not. Is it the only one that CBP has sort of resonated with, in our discussions with them, yes, that's the one that seems to have been resonating.

MR. FISHER: You know, the health care exchange is a pretty good model for how not to do it from what I can read. And it was an after group that came in and fixed it, of executives. It might be worthwhile to learn a little bit more about that example and propose a structure that would be responsive, address the problems that they -- because, you know, this is a terrific concept. Obviously it has huge advantages for the supply chain. And the question I have is, what's the recommendation on effective implementation? And it might be in the weeds. But if you look at the healthcare exchange issue, maybe you can shape some proposals around implementation and make
it part of it.

CHAIRMAN BLASGEN: The other thing I wanted to talk about too is should -- you know, we're business people here, we always have deadlines, is there a logical date by which we would recommend this person be appointed or hired or in place? You know, I don't like open-ended recommendations. You know, appoint an executive in residence. Okay. We'll do that in 2021. That's not what we're saying. We're the Advisory Committee for Supply Chain Competitiveness and there should be a sense of urgency, a bias to action on our part.

MR. LONG: Is there a point at which appointing someone like that no longer has value? I guess if you get too far along the design.

MR. WISE: Is this really our role here? I mean, I see this whole background piece as really interesting. But what I heard -- just not being on the subcommittee, I heard yesterday from the three folks who spoke is they spent last fall getting to know each other. And that was nice, but our observation would be they spent last fall getting to know each other. There is 47 agencies. You have a deadline of two years. What are you doing? Here's five things from our experience you ought to get right on the ball. You
know, how you solve it is your problem and it really falls to the White House or you might have another Obama Care thing.

MR. JAMIESON: Dean, that goes back to what my question to them yesterday was. ITDS has been going on for 20 years, close to it now, or more, and the fact that now we've got the executive order, hey, that's great. Appreciate it. The problem is, there's nothing behind it. There's no substance behind it to provide any support or means for them to actually get involved. So like you said, we spent last fall going, hey, how you doing?

MR. WISE: Maybe our job is simply to raise the red flag. You know, we like the efforts, but two years? How are you going to get there? Here's five ideas of how to get there soon.

MR. LONG: I was part of some of those meetings and they came about in large part because many of us squawked to get the kind of pilot testing planning going that you had recommended earlier. It's something we worked on for a number of months to get into the system side. They definitely heard that and the work has well advanced to identify contacting, that the people involved are in economically significant testing.
I think your good course is to continue to say what you think ought to be done. None of us would attempt to filter it. I don't think it's quite fair to just describe this meet and greet. It's more like what we're hearing from industry is real testing with real volumes and real companies across multiple agencies are absolutely essential to make this work.

CHAIRMAN BLASGEN: But we want to be as impactful as possible and make a bold statement from industry. I mean, this group is assembled because this is the voice of industry on what we think should happen and how our companies would respond, just say what we want, what we think should be done and do it in a way where we're not completely conflicting with that CBP is already doing or anyone else is already doing. I think that's a little bit of the message we got yesterday.

So, you know, I commend the group for taking that input, that feedback and building it into our modified recommendation here.

MS. MELVIN: I have a question. Suggested language on instead of this executive in residence, maybe instead of naming it to maybe describing what it means. So recruited dedicated senior program manager immediately or by whatever date. Because then they could --
MR. WEILL: Call it whatever they want.

MS. MELVIN: They could call it whatever they want, they could do it however they want, but the point is, get all the different people -- and I know that it may follow up to Brenda Smith or the deputy or whatever. But are the deputies actually overseeing each of the managers responsible for the different agencies? Like it seems to me, like in talking to some of them, they don't even necessarily agree on the results of the meeting they had. And I'm not going to name names of anything like that, but also on Juan Carlos' point -- did he just leave the room? He was talking about how --

[Laughter.]

MS. MELVIN: -- he was talking about how there are already mechanisms -- like they're already meeting with Mexican and Canadians and I agree, yes, they've done a great job of reaching out to Mexican and Canadians, but I think what we're talking about in these recommendations is that when I've asked them about the technology, like the one spot for North Americans to go, they've said, no, we're not working on that. And so that's something that I think we're trying to recommend that they work on. And that they should keep in mind as they're developing the U.S.
system, that eventually it is going to need, whether it's through middleware or whatever, to tie in and be effective with these others, and if the countries don't agree on the World Customs Organization standards and what that means, then they should be reaching out to Mexico and Canada to make sure that those three countries agree on what the World Customs Organization standards are.

And so we're not necessarily talking about the politics of it. We're talking about the technology that ultimately it needs to be one place -- that we believe, and maybe we don't, but if the committee recommends that the North Americans should have one single system, or one single place where they go to enter their information one time and it gets sent to the three countries, that's kind of what we're talking about here. And it's our understanding that that is not being focused on at all.

They are talking to Mexico and Canada and I think they're talking about, let's harmonize our regulations, let's work together on this, but I don't think they're talking about these must -- there should be one spot and it should go to everyone.

PARTICIPANT: That sounds like a recommendation.
MS. MELVIN: Yes, that's what that is that we're doing is to develop -- but the words used, it's not on here. It's on your modification page.

MR. FISHER: In addition to an organization chart which I think makes some sense and you can analogize, it's possible you could go to Leslie's point -- how about an implementation strategy timeline which is really what Rick is suggesting because business people, I think we have a sense of what should come first, what should come second. And there are all these other efforts, but a suggestion of how they would be integrated into an implementation strategy that produces a result by a certain date.

MR. LONG: You're looking for more detail than what's on the charts --

[Simultaneous conversation.]

MR. WATTLES: If there's one program manager that's put together -- who is responsible for bringing the integration from all the different groups, that's what we'd be looking for; right? Correct me if I'm wrong here, but I think five years ago one of Obama's -- one of his export control reforms, one of his principles, his pillars there was going to be, when you get to one common processing system to file export application, new license applications. And I think
David decided, I think, the DoD had a U.S. export system, that was going to be the one that was used. I think we're five years in and there is no single -- they haven't gotten there. And I don't believe that single window is going to be used for export license applications.

MR. LONG: No. It actually is.

MR. WATTLES: Is it?

MR. LONG: The only thing missing right now is in the license numbering. The export side is well --

MR. WATTLES: Okay. I misheard what this guy said. Sorry, my error there. But my case in point there, that was one of those, we are going to go do this five years ago. And because there hasn't been anyone driving to here's the schedule, here's how we're going to do it, it hasn't happened. Right? So maybe some day if single window is going to do that for us, but we don't want to wind up in that same position where everybody says they're working to it, but there is no -- the integrated schedule saying here, here's how we're going to bring this together.

MR. LONG: We're going to be interrupted in just a minute.

MR. WATTLES: Okay.

MR. LONG: Actually very soon. One question
in terms of a program management czar, are you looking
at more detail on the one that's out on the CBP site?
There is one that lays out on the --

MS. MERRITT: That's what I was just going to say. You know, CBP has done a fantastic job with their ACE development and deployment schedule that they've got on their site. And it had this one band at the bottom that's for the PGA stuff, the ITDS development. It's like you need to take that band and expand it and provide a lot more detail.

[Simultaneous conversation.]

MS. MERRITT: Yeah. Exactly. Specifically focused on ITDS.

MR. LONG: Because there's part of that and there's also what should be up there now is a pilot testing program with -- plus readiness dates for the PGA as participating in a different part of the same site. You may want to check that.

CHAIRMAN BLASGEN: I do think we should be -- I mean, we're being heard on this topic and we will be heard again, so let's be as direct and pointed as possible to say what we want and to make sure that it's impactful and it's actionable as well.

So we've got a lot of work to do on this. There's been a lot of work done. So I think that what
we're arriving at is have the committee go back and refine what we have including modifications, make the edits to the document and let's wait to ratify this thing until it's in such a position to say what we think and if we want to address or recommend implementation of this executive in residence or this leader of some sort, come up with some nomenclature and a descriptor on it. And if there's a natural timeframe for that -- David, I don't know if there is or isn't.

MR. LONG: The sooner we have things that we can take forward and show at the meetings and say this is what -- you know, within the external engagement side, where I've spent most of my time on, my part of the building is implementing the data -- anything we have from business that says they would prefer something a certain way is a real plus. It's something we can work with.

MS. MERRITT: If I can just make an administrative comment. I'm on the subcommittee but due to a communications glitch, I didn't get a copy of the letter until late yesterday. And I think that it doesn't include enough on the North American data portal, the trade portal. I think we need to definitely put a specific paragraph in there addressing that. And then also talking about addressing key
differences between the data elements and regulatory
differences between and among the agencies, that's in
the third paragraph. That's great. But as we were
talking this morning about, you know, eight hour work
day, I mean, our planes move 24/7, 365. I'm sure your
trucks do and your ships do. And we have some federal
agencies that don't work 24/7, 365. And a lot of times
we're waiting for inspections until the next Monday
morning when somebody is there for perishables and
things like that.

And along with making sure that there's
regulatory coherence, also an idea in terms of response
times and the boom, boom, boom, boom, boom nature of
the supply chain, we don't stop on weekends, we don't
stop overnight, we keep moving. And if people are
going to have sort of through this system visibility
and hold authority and things like that, that there
needs to be sort of response time parameters around
that as well because as a carrier, I can do whatever
you tell me to do as an agency. You want me to hold
the shipment, you want me to move it over here? You
want me to do X, Y, or Z? I can do it, but you've got
to tell me in time so that I don't move it on to its
next spot before you tell me. So just moving at the
speed of the supply chain is something that the
agencies need to be thinking about as well.

CHAIRMAN BLASGEN: I think that's a great point. And, again, I'll bring it right back to the mission of this committee, is to make recommendations on the competitiveness through the supply chain for the country. And if that's one, then we should be bold and make that statement.

MS. MERRITT: I think that would fit in this paragraph nicely, along with harmonization. We think about harmonization in terms of response times. Because CBP has done a fantastic job within the past few years in being very responsive and being there through various mechanisms. Being there when we need them to be there.

MR. BRYAN: Could I make a summary point here? Our concerns amount to, you're taking too long and you're not including everything you ought to. And our recommendations have been things like SWAT teams, you know, executives, et cetera, among other things. Fundamentally what we're saying is you're not putting enough attention onto this. And so what we're really getting at is you need dedicated resources, which means people need to be seconded to the project and taken off other things so they pay attention to this for a sustained period of time. It's what companies who are
serious about new product development do. They remove people from one place, put them on the team. Once the team has been justified, but when it is justified, that's what they do and they work on it until it's done. And if you don't do that, then you will never get the work accomplished.

So we should incorporate that concept into what we recommend.

PARTICIPANT: Great idea.

PARTICIPANT: Well said.

PARTICIPANT: And the specifics of how to do it, that's their problem.

MS. MELVIN: Okay. So I've been taking notes, I don't -- this is my first time chairing. David and you guys, are you writing down all this stuff? And --

MR. LONG: We got it.

MS. MELVIN: You got it all? Okay.

MR. LONG: And it's all being recorded and transcribed.

MS. MELVIN: Okay. Perfect. So are you guys okay then with the modifications we've suggested with the discussion -- changes based on the discussion and changing the lingo to make it fit with what might actually be possible doing within the federal government for a program manager, putting in timelines,
talking about dedicated resources? I also think --
Dean brought this up, I'm not sure that the
recommendations actually fit in this whole document --

MR. LONG: Just let me --

MS. MELVIN: Okay.

MR. LONG: We're going to be interrupted in a
second. Our Assistant Secretary Marcus Jadotte is
going to introduce Bruce Andrews. And then we'll get
the meeting back to --

CHAIRMAN BLASGEN: We will deal with this
right after.

[Pause.]

MR. LONG: It's my pleasure to introduce Bruce
Andrews, our Deputy Secretary of the Department of
Commerce. You all have his bio, he has extensive
experience in private practice and the Hill -- broad
familiarity with virtually every issue we deal with
back to [indiscernible]. Without further ado, let me
hand it off to the Deputy Secretary and let me also
mention that he will be talking about our new Assistant
Secretary, Marcus Jadotte.
U.S. TRADE AND INVESTMENT OBJECTIVES:

NORTH AMERICAN SUPPLY CHAIN

Deputy Secretary Bruce Andrews

U.S. Department of Commerce

MR. ANDREWS: Well, good. Well, first of all thank you for having me here this morning. As was mentioned, I have from a variety of issues, almost every facet of my life and different things I've done, but particularly foreign supply chain issues were obviously incredibly important and a critical part of what we did at the company. So I can't claim any expertise on what we do, but I do have a strong familiarity and obviously great appreciation of the importance of it.

First I want to thank Rick for all the work as the Chairman of the ACSCC, and thank all of you for your work because what you do is critical to us every day. But before I start that, I want to introduce Marcus Jadotte, our new Assistant Secretary for Industry and Analysis. We are very excited to have Marcus here. Through the magic of the Senate they confirmed him in December which I had to admit was quite exciting because when he first agreed to come over, the President nominated -- coming from NASCAR, I
guess a pretty significant supply chain interest in NASCAR. But Marcus has been a great addition to an already strong team, but we are so excited to have him on board, not only for his great private-sector experience, but also an intimate understanding of Washington and how things work here as well. So he is a perfect fit for our agency to lead our industry and analysis team.

But let's talk about the importance of the committee's work and the Department's priorities. One of the things that Secretary Pritzker and I have tried to do is really reframe the Department as a customer service organization, and the business community is our key customer service or our key customer unit. You are our stakeholders, and the feedback and the understanding that we get from your feedback and input is critically important for us to be able to do our jobs well -- the President's priorities and the department's priorities that are intimately related to what you all do here and what you do in your businesses, and frankly your recommendations which we find critically important both in the past and also in the future going forward.

If we're going to be effective on your behalf, having clarity on what your issues are, what your
priorities are and how you think we or the federal
government can be of better assistance to you is
completely -- is totally important to us and something
that we find very valuable.

I also just want to thank you for your
commitment because I know this is something that you
all do apart from your day jobs. And so that level of
contribution to our policy -- and frankly I want you to
know though how important the recommendations are and
how seriously we take them because it's very valuable
to us in terms of the work that we do, you know, on
your behalf.

I also want to thank Rick for his leadership
because having talked to the team and knowing how
integral your leadership has been to helping us to be
impactful on behalf of this group and obviously it
takes the partnership between our department, but it
also takes Rick's leadership, all of your leadership,
and all of your commitment to help make this
successful.

So hopefully you have all had a chance at some
point over the course of time to see our department's
strategic plan. One of the things that when Penny came
in, you know, as any good business person, the first
thing we sat down and did is we said, let's do a
strategic plan that covers the entire department. And
the first pillar of the strategic plan is trade and
investment. And within that it really -- you know, one
of the things we looked at is how do we help exporters
to be more successful and how do we make sure that we
as a government are doing everything we can to improve
that process?

And a key part of that and something that --
you know, it's not only been something that we've done
here, but also it's been critical in President Obama's
interactions with President Peña Nieto at the North
American Leader Summit, and the Canadians as well, but
has been very important is the whole issue of single
window and the recognition that -- and coming from one
of your recommendations -- that we need to move to a
single window system which as you all know we're in the
process of doing and we're in the process of working to
implement your recommendation which is so important.

But I think the approach to this issue that
we've taken in this group is actually a model for how
this should work. I mean, at the end of the day, we as
government need to be responsive, but we need your
feedback, we need your focus, we need your suggestions
so that we can then go forward within the federal
government process. And this one has been one that's
been, I think, particularly both challenging, but also rewarding to make progress on to the extent that it involves multiple government agencies.

As you all probably know from your various experiences dealing with Washington, it is not always easy when you have multiple government agencies involved. It's, you know, I don't know if herding cats is the appropriate metaphor, but this is one that I do think how important this is to industry and frankly just recognizing the importance to help make us more competitive and to smooth the system. So we are going to continue to work to make sure this is implemented quickly and effectively and get it into place.

I do want to take a moment though to stop and specifically recognize Sandor Boyson. Where is Sandor?

[Simultaneous conversation.]

MR. ANDREWS: Oh, he's on the phone, okay. Sandor, I want to thank you in your capacity as the chair of the IT & Data subcommittee. Because your vision and leadership has been something that has really helped the government and helped us as we worked with other agencies in developing the international trade data system.

I understand that today you will be considering a new recommendation on how the U.S.,
Canada, and Mexico can make our single window systems interoperable, which I think is actually very exciting and help us achieve the export goals established in the North American Leader Summit in our high-level economic dialogue with Mexico. I think that's something that, you know, we can make a real tangible success here and something that will be tangible as all of you do your businesses if we can be successful with that recommendation as well.

Another key policy area though that I do want to mention, which your input has helped us, involves our administration's effort to improve America's supply chain infrastructure and improve our freight policy and movement of goods in North America. And as I mentioned, having worked at Ford previously, that's one that our team will stay very focused on as you can all imagine. But I know how important it is and I understand that your work has not only been well received within the administration, but by DOT as well, who is considering your recommendations and your input as they develop our federal freight policies which is something I know they're very focused on how they can improve.

So your work is particularly timely and valuable right now, especially as the North American
relationships are so important and we just appreciate all of the effort that you put into this.

Secondly, I want to talk quickly about the way this relates to the Secretary's priority she's putting on the North America relationship. I think not for a while we've had various secretaries who have been focused on the cross-border issues, but I think Secretary Pritzker particularly is really engaged on this and frankly made this a priority. You know, she's really elevated the high-level economic dialogue not only within the department, but within the U.S. Federal Government making sure that we're actually not just having meetings, but we're getting deliverables done. We're actually focused on something not just a bunch of talk, but then how do we deliver on what's agreed to in those meetings.

And I think it's something that has been particularly effective, frankly, in terms of moving the dialogue forward. She's developed a great relationship with her counterpart, Secretary Vojarda [phonetic], which I think has also helped because I think together they have really taken this as a priority in making sure that we're reaching the potential that we can with that relationship.

Her relationship with the Canadians has been
fantastic as well. And there have been, I think
sometimes Mexico gets a lot of focus, but Canada is
obviously very important. It's something that we need
to remain focused on as well. But, you know, we can
always use your continued input on these issues,
particularly the problems and the challenges you're
facing.

Without your input, we don't necessarily see
what the problems are. And so it's so critical for us
to be able to help, for us to be able to find solutions
in the challenges you're facing, you giving us that
input is hugely important. I can't underscore how
important that is to us.

We're going to continue under our strategic
plan to execute on all of these issues. We appreciate
your continued input a little bit. And, you know,
we're going to continue to focus on North America.
Because it's important and there's great opportunity
that we see every single day. And so we'll continue to
push on all of these and continue to execute on all of
these recommendations and priorities that you've
identified. So with that I would love to just take an
opportunity to open it up to questions and hear what's
on your mind. And if there are issues that you
specifically want to raise or questions you have, I
would welcome the dialogue and anything that's on your mind.

CHAIRMAN BLASGEN: Well, I can certainly start. Thanks for spending a little bit of time and for your words. It's meaningful to this group. We care about making an impact and we care about the feedback. All feedback is a gift in our mind, and we want to hear back from the recommendations that we put forward to see how they're received.

But trade agreements, how are we doing with getting trade agreements like the Trans-Pacific Partnership, the TTIP and so on through?

MR. ANDREWS: That is a great and a timely question which is, you know, not to say people get excited in Washington too often, but I actually think there is a real level of excitement right now about the trade situation. I think we have this real opportunity. You know, frankly after elections you always want to stop and say, okay, things aren't going to work as well, everybody is going to continue fighting. But I don't think that's the case. I think there is particularly with trade, there's an incredible opportunity. We're at this, I think, unique point in history for several reasons. One is, as you mentioned, the Trans-Pacific Partnership, we're getting close to
the goal line. It's not done yet, but we're getting
closer and closer every day. The opportunity to open
up those markets in Asia and in the Pacific really
provides an unbelievable opportunity for American
business. You know, most of these countries, not all,
but most of them have some type of free trade agreement
or some kind of access to our market already in a
fairly smooth way. But what the opportunity is here is
to open up those markets. And Mike Froman and his team
have been very focused on it. I think they are getting
closer and closer every day and I think all of us are
excited to have that agreement closed and then move
forward for Congress approving it.

The second piece is the Transatlantic Trade
and Investment Partnership or TTIP with our friends in
Europe. That's a little further behind right now, but
I think everyone is focused on the opportunity we have
with it. I think particularly with the European
economy slumping, I think people recognize the
potential to increase not only hard growth
domestically, but also European growth with the
agreement. And so in a chronological sense it started
a little behind and it's not as close to the finish
line. But it's something that I think the President
and Ambassador Froman are very, very focused on. And I
think we're all very hopeful on both of those getting done. Obviously TPP first.

But underlying all that -- and I hate to talk about Congressional process because usually people's eyes glaze over when you do -- but there's something particularly important that's going on and is going to take place over the next several months which is the approval of what is called a Trade Promotion Authority.

I suspect you guys are a pretty sophisticated audience, so I am not going to bore you with all the details about the familiar. But what essentially the question really brazes is, how is Congress, what is the process Congress is going to consider these agreements under? Because frankly, if you send a trade agreement to the Hill without this trade promotion formula which basically allows to have one up or down vote rather than allowing every single piece of the agreement to be voted on or amended.

Frankly every president prior to President Obama has had this authority which has allowed them not only to conclude trade agreements, but then bring them to Congress for approval.

It is critically important, I can't even overstate the importance of getting TPA passed and getting it passed soon so we can then move on as these
trade agreements close, to move them through Congress quickly.

And I think there's a lot of misunderstanding frankly about trade. It's obviously a difficult issue and one that, you know, particularly as we continue to see wages relatively stagnated, I think a lot of people want to blame trade for, you know, and globalization for problems that exist in the economy, and frankly the challenges that some people have.

But the data overwhelmingly makes the point that trade develops opportunities, it grows the U.S. economy, and frankly it creates jobs here in the United States. I think that's particularly relevant today. I literally mean today which is probably in most of our lifetimes, there has not been a better time to invest in the United States. And as I travel around the world in this job and talk to business leaders and other governments they're all so excited about what's going on in the United States. I mean, this has become the safe place to do business for a variety of reasons. And I'm sure you all see it in your businesses and your business relationships. And so we've got this great opportunity, but one of the things that will be critical to make North America a true exporting platform, one of the things that's going to be critical
to that is having these trade agreements that give
access to these other markets.

I've heard this as we've gone through these
agreements from foreign businesses as they look to
invest in the United States where, frankly, as American
companies look to make investment decisions here, if
they know that they can export out of this platform at
a lower price and frankly they don't have to face a
tariff in all of these countries, they're not
necessarily going to have to locate a factory somewhere
else because frankly you have greater incentive,
frankly the costs structure, for all of the other
reasons.

So we're very excited, but it is something
that -- this is going to be an all hands on deck
effort. The Administration, the President is all in,
Secretary Prtizker is all in, our team. This is
probably across the department the single issue that we
have the largest number of people working on because
it's going to come fast, it's important, it is going to
take place over the next three months, and we want to
make sure we get TPA passed so that we can get to
considering these trade agreements in Congress. And
so, you know, it's very exciting. But it's also one
that frankly for you all to have your voices heard and
to educate your workers, your neighbors, your communities, your elected officials, you know, everybody who you can talk to, you need to explain to them the benefits of trade and why trade is important because we're dealing with a lot of mythology that unfortunately I think has taken root within our country, you know, one that is particularly -- is the number of people who say, you know, NAFTA has cost American jobs. Which at the end of the day you look at jobs that have left this country, they have predominantly not gone to Mexico. And then you look at the growth between our U.S.-Mexico trade and the growth has been overwhelming. And frankly, the opportunity as the Mexican middle class grows is fantastic. But you still go -- when I talk to members of Congress, the first thing I hear is, oh, NAFTA was killing our jobs. It's like, no, if you look at the data you look at the facts, you know, that's not supported by the facts. But we have a whole bunch of things that we all need to work together to educate people on.

Cynthia?

MS. RUIZ: Yes, Cynthia Ruiz, Port of Los Angeles. First of all, Deputy Secretary, thank you so much for being here.
MR. ANDREWS: Of course.

MS. RUIZ: It's been an honor to serve on this committee for the last couple years. But when we're looking at supply chain competitiveness, I think it's important to look at a policy. But you mentioned challenges and today on the west coast, we have some of the biggest challenges we've ever faced with the entire supply chain. And I'm just wondering what the department is doing to look at that, to analyze that because it's a complex issue. It's not just about labor. I mean, that's obviously a big piece of it, but it's about, you know, chassis, it's about bigger ships coming in. It's about a -- it's a very complex problem and right now, I mean, obviously the ports are impacted, but so are so many of the businesses.

MR. ANDREWS: Absolutely.

MS. RUIZ: So it's really a commerce issue.

MR. ANDREWS: We are very focused. And I'll tell you, it's something that for several months now we've actually been very focused in raising within the Administration. I can tell you that this is one of the highest levels of the Administration, the discussions that are going on, the level of concern, you know, I think seeing the Administration encourage the parties to -- FMCS has been has been in mediation -- has been a
step in the right direction. Obviously having, you know, both parties going to mediation doesn't get you an agreement, but hopefully it at least puts you on a path. But we recognize how important this is. Frankly the potential economic impact of, you know, what a slowdown or a strike or a lockout, any of this would obviously be hugely problematic for the American company.

So we are very focused on it. We -- you know, are encouraging parties to the best we can. Obviously they're two private parties, so there are limits on what you can do. But I also will tell you this is something that we are spending a lot of time on, including myself and the Secretary being very focused on what we can do to help move this all forward.

MS. BLAKEY: Leslie Blakey, Coalition for America's Gateways and Trade Corridors and sponsor of NAFTANEXT Summit last year where I think that the support for and the recognition that NAFTA has been a tremendous success was vehemently voiced among all three nations who participated and the leaders there. So going back to your comments about needing trade promotion authority and needing to support Congress for TPP, I want to bring up another issue that Congress is going to be dealing with in the next three months. And
that is the reauthorization of the current surface transportation authorization.

And, of course, the President has the Grow America Act that's on the table as his recommendation to Congress which does include a very significant freight and goods movement program and funding and structure to try and move beyond where we currently are in a highway-based program. And without really special recognition for the importance that goods movement place in our economy. And so I think the Grow America Act is a really good step in that direction.

But when we talk with staff on the Hill about it, we frequently hear that they don't hear directly from the Administration's representatives about this. And in particular they've asked about the Department of Commerce's support for Grow America and I'm wondering if you all have a plan for promoting the business point of view for the freight programs and Grow America to the committees with jurisdiction on the Hill?

MR. ANDREWS: Sure. So here's what I would say, which is, look, we recognize that infrastructure is critically important to Commerce. Frankly for American businesses to be successful, we've got to have good infrastructure. And frankly we've also got to have the funding for that infrastructure. You know,
the Department of Transportation is obviously the lead agency in this and they deal directly with those committees because the committees we are talking about are not the ones who have our direct jurisdiction. But I will tell you, and the Secretary talks about this with people all the time, how important infrastructure is. When we look at our strategic priorities, it's something that underlies a whole bunch of priorities that we have that we want to be successful.

So, you know, I think we have been very clear with people. We're not a daily participant in that debate just because the committees who are considering that don't have jurisdiction over the Department. But I think we have been very vocal and we continue to be vocal and I'm happy, you know, if people want to hear more from us -- DOT has obviously been very clear in their support and the President has been very clear in support of how important infrastructure is in getting all of this done right.

MS. BLAKEY: I'm just wondering how it might be possible to help facilitate a little bit more dialogue from the Department of Commerce directly with Transportation Infrastructure Committee in the House, for example? Because the staff has said, you know, we'd really like to hear from the Department of
Commerce about this. Do you all need a request up here at a hearing or what are the other mechanisms that could be --

MR. ANDREWS: Why don't we follow up with our team offline? I don't think a hearing is actually frankly the most -- these are not our -- and DOT has great economists who frankly our team works with in terms of making the economic argument. But let's follow up with our team off line because we're happy to engage them, you know, because at least to my knowledge I don't think we -- I mean, they know where to find us.

To my knowledge, I don't think we've received any request from them.

Time for one more quick question.

MR. WISE: I think as you look back on the U.S. competitiveness in the world market, -- our innovation as our strength and even though labor costs may not have been in our favor, and so forth and so on, we've always innovated out of the problem.

MR. ANDREWS: Sure.

MR. WISE: But more and more and more you read that the regulatory fabric is actually constraining innovation. It is true for our company, BNSF Railway. We would love to convert to LNG locomotives, but the biggest hurdle is not the technology or our capital to
do it, it's going to be three levels of regulation.
You hear about drones. The adoption of drones in the
U.S. is being constrained compared to European adoption
of drones because of regulation. We hear about new
drugs, on and on and on. Every single facet, there's
some regulatory fabric or layers of regulatory fabric.
I'm just wondering, does the Department of Commerce
have any kind of initiative to explore this, evaluate
it, look at, hey are we just kind of putting rigor
mortis around our system which has worked so well so
that 20 years from now, you know, it's the innovation
success -- it's not going to be there.

MR. ANDREWS: Sure, so we are constantly
engaged in the interagency process discussion about
regulations. Some touch us more directly than others.
You know, I'm not sure we're going to get in the
business of commenting on food and -- you know, like
FDA regulations, about whether a drug should be
released or not. I hear your point though. There is
always a balance between, you know, there are things to
protect, consumers, or protect citizens, you know,
drones is a good example. We're actually involved in --
the President announced there's an Executive Order
that's going to come out on drones working to try to
balance so you at least have some degree of not having
people just really flying things that, you know, airplanes and helicopters. So I hear your point on regulation, but I also think they're figuring out what that balance is. But we constantly look to work in the interagency process to try to make sure that whatever regulation is out there -- and obviously your CEO has been in [indiscernible] a whole bunch of times talking about various issues. Our doors are always open. We are always happy to take -- where we can be helpful, you know, in terms of engaging -- we do want to do everything we can. But regulation is something that is particularly challenging in some ways only because, you know, the solution may not -- you know, you've got to make sure the solution matches the problem. But there are usually legitimate issues underlying why these regulations have come out.

    Good. I apologize that I have a noon call that I have to leave for. But it's been a great pleasure being here today. I really appreciate all of your work. You know, the good news is, these are easier meetings to come to where your priorities and recommendations match up with what we're trying to do. And let's just keep working together. Please know our doors are always open and we want to hear from you, we want to work with you in every way we can. So thank
you very much.

[Applause.]

[Pause.]
U.S. TRADE AND INVESTMENT OBJECTIVES:

NORTH AMERICAN SUPPLY CHAIN

Marcus Jadotte, Assistant Secretary

Industry and Analysis

U.S. Department of Commerce

MR. JADOTTE: I would love to have the opportunity to just go around and thank you.

MR. LONG: Sure.

MR. JADOTTE: I don't want to stand in the way of lunch. So as you break for lunch, really excited to have an opportunity to not only serve in a role as Assistant Secretary, but specifically working with this group and David and his team. Very much excited.

MR. LONG: Oh, thank you.

MR. JADOTTE: And I do not want to get in the way of lunch. So --

PARTICIPANT: Spell your last name, please?

MR. JADOTTE: It's J-a-d-o-t-t-e.

PARTICIPANT: Can you just tell us what you do?

MR. JADOTTE: Oh, yeah. Absolutely. I am now fully getting in the way of lunch.

So within the International Trade Administration, there are three business -- one is focused on enforcement and compliance, E&C,
specifically they are the folks who, you've probably heard in the news recently, development around countervailing duties related to sugar. So that group within the International Trade Administration produces work that effectively is focused on holding our trading partners to their agreements.

The second group is our Global Markets Business Unit. They are the USEACs, probably many of you interact with folks in the domestic field.

And the Foreign Commercial Service. They are our biggest business unit.

My group is Industry and Analysis which I would describe as really revolving around three pillars. One is engagement with the business community including the Office of Advisory. That office not only includes your group, but the ITACs and the PEC, for example, the President's Advisory Committee on Trade.

The second component of the group is made up of trade policy negotiators and economists. So their role is both to support Ambassador Froman and his group. USTR as you probably know, is a pretty small group of folks. They have a staff of just under 200. So USTR relies on input from the Office of Trade Policy which [indiscernible].

And then finally we have a group of sector
analysts across manufacturing services, including
David--textiles--and that group, I think, does a pretty
good job of reflecting the trade sectors -- tradable
sectors of the economy and the -- and in total our
business unit, again, is focused on engaging the
business community, being a conduit to the Secretary
for concerns across -- across the business community,
specifically related to trades.

Just to address your earlier question, some of
the work that the economists in the group have done
over time is to review regs and the economic impact.
The impact on trade competitiveness and various regs
that have been proposed or [indiscernible].

MS. RUIZ: And your background is NASCAR? Is
that what --

MR. JADOTTE: So I actually -- I spent the
last ten years at NASCAR. Prior to that, I was a Chief
of Staff on the Hill for Members from Florida. I
thought I would spend a couple years, take a break from
the Hill and work on what was then a pretty narrow
marketing communications project for NASCAR. And ten
years later I returned to D.C.

MR. LONG: Why don’t we go around and
introduce ourselves.

MR. JADOTTE: Sure -- quickly. I, again,
don't want to stand in your way of lunch.

CHAIRMAN BLASGEN: We are supply team people so we can put it in the blender and drink it.

[Laughter.]

MR. JADOTTE: Great. I would love that if you have time.

MR. LONG: It is a great group. Tiffany?

MS. MELVIN: I'm Tiffany Melvin, I'm the president of North American Strategy Competitiveness. We're a nonprofit organization that is a grassroots organization with Mexican, U.S., and Canadian members, from all of the three countries that are government and industry and educational institutions, universities, community colleges, that kind of thing. And our three main focus areas are supply chain logistics, energy, and skilled workforce.

MR. WISE: I'm Dean Wise, I'm the VP of Network Strategy at BNSF Railway.

MS. RUIZ: Cynthia Ruiz, Port of Los Angeles the number one container port in United States.

MR. CARTER: Carl Carter, Associate General Counsel, International Paper Company.

MS. MERRITT: Liz Merritt, Airlines for America. We used to be known as the Air Transport Association. We represent the major North American air
carriers. And I can survive on a bag of pretzels.

[Laughter.]

MR. JAMIESON: I'm Jevon Jamieson, I'm the customs compliance manager for ABF Freight System. We are the second largest union LTL carrier in North America.

MR. FISHER: Paul Fisher, Vice Chair of CenterPoint Properties Trust and Chair of Supply Chain Innovation Network of Chicago.

MR. BREFFEILH: Richard Breffeilh, Port Authority New York/New Jersey.

MR. BINGHAM: I’m Paul Bingham, economics practice leader with infrastructure consulting firm, CDM Smith.

MR. FRIED: I'm Brandon Fried, the executive director of the Airforwarders Association, we're like the travel agents for cargo.

[Laughter.]

MS. STRAUSS-WIEDER: I'm Anne Strauss-Wieder, with A. Strauss-Wieder, Inc. We're involved in all aspects of the supply chain and economic development.

MR. BROWN: I'm Stan Brown, global vice president and chief procurement officers for CA Technologies. We're a software company that makes security software for enterprise businesses.
MR. COOPER: My name is Jim Cooper, I'm with the American Fuel and Petrochemical Manufacturers. We represent the refineries and the petrochemical plants in the country.

MR. SMITH: My name is Chris Smith. I'm with AASHTO. I'm here representing 50 state departments of transportation.

MR. STOWE: I'm Ron Stowe, formerly head of government relations for Eli Lilly with special supply chain challenges and now doing consulting work for people who are trying to deal with the U.S. Government.

MR. BRYAN: I'm Joe Bryan. I work with Parsons Brinckerhoff which is a large engineering firm and I'm representing OneRail which is a coalition of the public and private rail interests.

MS. BLAKEY: Leslie Blakey, Coalition for America's Gateways and Trade Corridors. We are a member-based organization that has members nationally concerned with policy regarding freight infrastructure and the supply chain infrastructure issues.

MR. VILLA: Hi, I'm Juan Carlos Villa with the Texas A&M Transportation Institute. We're a part of Texas A&M University system. We do research in all the areas of transportation. And I'm in charge of the logistics and trade practice.
Mr. McGEE: Tony McGee, HNM Global Logistics, a small business from Orlando, Florida.

MS. REYNOLDS: Gina Reynolds, Florida's Heartland Regional Economic Development Initiative and I represent communities in the south and central part of the state, rural communities.

MS. DENHAM: I'm Laurie Denham. I'm president of the American Society of Transportation Logistics and we provide training and certification for industry professionals globally.

MR. MICHENER: Mark Michener, director of transportation at Amazon.

MR. WATTLES: Shawn Wattles, director of supply chain logistics for Boeing Company.

MR. WEILL: I'm Tom Weill. I'm the chief procurement officer for Campbell Soup.

MR. JADOTTE: Thank you very much. Great group. Really impressive. Well, I look forward to attending your meetings going forward. If I can be helpful, just let me know.

MR. LONG: This is a surprise. We didn't know Marcus was back from New York yet.

[Simultaneous conversation.]

PARTICIPANT: Well he drives fast.

[Laughter.]
MR. JADOTTE: I think I might have gotten back faster in a carpool.

[Laughter.]

MR. JADOTTE: Thank you all.

CHAIRMAN BLASGEN: Thank you.

[Pause.]

CHAIRMAN BLASGEN: Would you like to wrap up that conversation?
INFORMATION TECHNOLOGY AND DATA DEVELOPMENTS
Sandor Boyson, Subcommittee Chair, IT & Data
Co-Director, Supply Chain Management Center,
Robert H. Smith School of Business
(Continued)

MS. MELVIN: I think that's what I was trying to do before. And just to make sure that I've got everyone's changes. I think everyone's -- I mean, we have the recording that we'll listen to. I've taken notes, but I was really just recapping the comments that I heard, the big ones that jump out, and then the other ones we'll find in the minutes.

But basically giving a timeframe for having this project manager appointed for the management of all the different agencies and then I think we're going to separate -- I'm going to look through this and separate out background paper that's this, and take the recommendations out of it because the recommendations, I don't think really go exactly with the paper. And so -- and that first recommendation is very short-term, immediate, get someone to manage the different agencies.

The others are more related to the North American issue and so I think they need to be separated
possibly with a bit of explanation that this one is specific to the U.S. and these are more of the North American related issues and more about the North American trade portal initiative in the letter, the original letter and in talking more about how -- to move to the speed of the supply chain. And that it's really taking too long. They're not putting enough resources together, so a big recommendation to add would be to have dedicated resources, whether that's full-time staff, you know, taking people off of their current projects to put on this is the only way we're going to meet the deadline. And then the other recommendations that we had the modifications to. So does that pretty much sum it up?

[No response.]

MS. MELVIN: And making sure we get the right nomenclature for whatever this project manager is. Does that pretty much cover the major suggestions and fine points, so the subcommittee will meet, I'll work with the staff and we'll kind of redraft this a bit and then -- yeah, great that's going to be necessary.

[Simultaneous conversation.]

MR. LONG: We can set up a call when we get the document. [Indiscernible.] Set up a big bridge with a much larger access.
MS. MELVIN: Okay.

CHAIRMAN BLASGEN: So yes, like we have done in the past, we won't to wait until April to make sure we vote on this.

MR. LONG: I think we can set it up as a webinar so we can --

MS. MELVIN: Okay. So that's it. Thanks for all the input.

CHAIRMAN BLASGEN: Thank you. Again, thanks to Sandy and his leadership and Tiffany for the journey you are about to embark on.

[Laughter.]

CHAIRMAN BLASGEN: Anyway, so our plan, we'll hear from the next three subcommittee beginning at one. We've got another visitor, right, David?

MR. LONG: Yeah, we have. What's coming up next, we'll take care of the Trade and Competitiveness Working Group right after lunch. Then we have two related things. We have presentations by our friends at DOT about the specific programs going on and some of the things out of the North American Leadership Summit, a high level economic dialogue with Mexico. There's a lot of work coming out of that on freight corridors, joint freight planning, infrastructure issues. And DOT is holding a strategic plan for North America. We have
a chance to shape what that strategy would be like and provide a supply chain prospective on which issues to pick and how they should do them.

After that we've got this tentatively down here for me to say something about finance and infrastructure. This is a place holder. Mike was unable to make it today. We're fresh off the recommendations before. Let me just take care of this right now.

What I wanted to do at that time, which I see that group here, is just mention that we're going to be taking up an initial set of issues coming out of North America and we'll try to go to the next level on this and look at some new and maybe outside-the-box thinking on different types of financing measures that are possible. So I think we'll be able to define a sequel to that that makes sense in light of the new issues.

CHAIRMAN BLASGEN: So we'll target wrapping up by three? No later than three. If we get done early, that's fine. But that seems to be the way to go.

MR. LONG: So lunch is outside.

CHAIRMAN BLASGEN: Enjoy lunch. We'll see you here at one.

[Whereupon, 12:15 p.m., the committee recessed to be reconvened this same day at 1:00 p.m.]
AFTER RECESS

[1:01 p.m.]

CHAIRMAN BLASGEN: All right. Are we ready to get going again?

MS. RUIZ: So, Rick, before we get started I just have a question. I very much appreciate Bruce Andrews coming today, but at any point are we going to be able to have access to the Secretary, herself?

CHAIRMAN BLASGEN: That's a great question. I talked to David and he fires that one up the ladder every time before these meetings because I do think she owes the committee a personal visit. We've been around for quite a long time right now. So obviously scheduling is always an issue, but we were very close this time and it just sort of waned toward the end.

MR. LONG: After [indiscernible.]

MR. WISE: Tell her, her customer service reputation is at risk.

[Laughter]

MS. RUIZ: One of the things I would like to hear from her -- she mentioned a strategic plan or what her vision is, make sure that we're reading into that vision.

CHAIRMAN BLASGEN: Yes. We have got our dates set for the rest of the year. So hopefully she's on
the calendar, I guess, for April.

MR. LONG: I think Bruce was very taken with what he saw today, the response, the enthusiasm of people.

CHAIRMAN BLASGEN: So, thanks, Cynthia, for bringing that up.

All right. Let's move on to the Trade and Competitiveness Development Team, Shawn. At 1:45 p.m. we've got some guests coming in from DOT. And we'll get a review of their offering as well, and that's scheduled for 1:45 p.m. So you've got about 45 minutes there Shawn, so take it away.

MR. WEILL: The strategic plan you're talking about, is that on the DOC website?

MR. LONG: Yes, it is.

PARTICIPANT: We should probably read it.

[Laughter.]

MS. RUIZ: Can you email it to the group, please?

MR. LONG: Absolutely. There are a bunch of things to send out.
TRADE AND COMPETITIVENESS DEVELOPMENTS

Shawn Wattles, Subcommittee Chair

Trade and Competitiveness

Director, Supply Chain Logistics, The Boeing Company

MR. WATTLES: Okay. This is take two. Those of you who can remember back to September, it's hard for me sometimes, we did a review of a draft letter from the trade and competitive committee and we had a list of ideas. They weren't framed in the form of recommendations, and so since then we've gone back, reworked it, restated things in terms of recommendations, dropped one or two items, added one new one in here. So we've got essentially four sets of recommendations with short explanatories.

So if we could just kind of wander through here. We're getting hopeful that we're close. So the first couple of paragraphs here, the first one is just the standard kind of thank you and support what we're doing to support the U.S. trade attempts and kind of the basic opening stuff.

We get in the second paragraph and really talk about some of the major things that we're going to be focused on which is, assuring adherence by our trading partners to the agreements that are being negotiated or
have been negotiated and to ensure that a part of that progress is the opening of the foreign markets. And then we get into some specifics here. And this is where we really go into four areas. The first of which is some recommendations pertaining to the trade facilitation agreement.

We've got some paper copies for those of you to look at as well as up on the screen. Essentially we want to make sure that the elements of the TFA are that -- we support those. We would like to see some additional efforts placed in terms of ensuring that there's a coordinated message to the various organizations related to the TFA to ensure that we get a coordinated and support involvement in getting that global capacity -- supply chain.

And that's going to involve working with the European Unions to get some efficiencies. If we get, you know, improvement on one side or the other, but those aren't coordinated in practice you don't actually realize any benefits.

And then the last two bullets revolve really around communication and engagement with industry which is a part of the intent of the TFA anyway. But those were our bullets to really recommend ensuring that industry is involved and that communications come back
and in the case of that last bullet, for example. The third bullet is really about involving industry and us in terms of where we're going with the U.S. side of the regulatory implementation process. The fourth bullet is really to ensure Commerce's help in making sure that proposed foreign regulatory changes that we're going to have to deal with as part of our trade gets shared as well so that industry can prepare for those.

So those are the bullets that we had under recommendations to the TFA. I'm going to stop for a moment to see if there are questions or comments.

MR. LONG: I do have one comment?

MR. WATTLES: Sure.

MR. LONG: Some of the things you mentioned there are already priorities in the organization here already and there's a lot of interest in making sure there's private sector engagement directly in the implementation.

MR. WATTLES: So stop me if I'm rushing on, but since most of you have seen most of this in a previous version, I'm running along until someone throws up a stop sign.

This is interesting given the deputy's conversation that we just heard, but around TTIP and TPP, we have some recommendations there as well.
Really around harmonizing and simplifying the regulatory deployments. So, the first bullet under our recommendations there is allowing a duty reduction to be put in place, but having such convoluted processes to actually achieve it that small or mid-sized companies can't afford to do it, to realize those benefits seems counterintuitive. So we're looking to make sure that the requirements are on duty reduction to achieve those are simplified and harmonized so that we don't have industry bypassing opportunities for doing the reductions.

Harmonizing and integrating rules and requirements of the various border oversight agencies. So I think there is some kind of best -- tangential to some of the conversation we had earlier this morning, but I think that one kind of stands on its own in terms of what we are looking for there.

We are urging alignment on transfer pricing policies so that we can come back in with a customs valuation, with the tax valuation principles because frankly I know what my company is seeing is that in some cases we wind up in a position of we are able to comply with one or the other and because they are not the same, we cannot comply with both. That is not exactly a smooth competitive position for -- industry
to be in.

   Our next bullet down is aligning the security
   programs so as not to frustrate or impede legitimate
   trade and realize that there are significant security
   issues that need to be addressed. In the absence of a
   credible threat, we are really looking to have the
   clearance standards be simple.

   Questions? Comments on -- yes?

MS. MELVIN: I am backing up a little bit.

MR. WATTLES: Sure.

MS. MELVIN: I think the last meeting I had to
   leave way early, like five minutes after it started.

MR. WATTLES: Your problem. It ain’t mine.

I’m kidding.

[Laughter.]

PARTICIPANT: That is a foul.

MS. MELVIN: On the second paragraph, “We also
   urge the Administration to vigorously assure adherence
   by our trading partners to trading agreements that have
   already been negotiated and to the opening of
   markets...”. I think that maybe we should also urge the
   administration to adhere to agreements that the U.S.
   makes with other trading partners because the U.S. has
   been known in the past to not comply with their own
   negotiations and agreements and trade agreements and
has dropped the ball -- NAFTA issues, it has not done parts of the agreements like they were supposed to. So I think it is kind of like the pot calling the kettle black if you want to urge other countries to do what they say for us. We should do the same for them.

MR. WATTLES: Okay. It could be a fairly simple update. Okay. Thank you.

MR. WEILL: I have a question. On the one that you just covered. It says the “The lack of tax and customs harmonization on pricing issues often puts American companies in the untenable position of having to comply with one or the other.”

I think last time you had discussed some examples where you couldn’t do both. I think there was some conflict where you make that point. Am I remembering that incorrectly or --

MR. WATTLES: Possibly, but it has gone right out of my head what example --

MR. WEILL: My point is what we are saying is some untenable position of having to comply with one or the other, meaning that you couldn’t comply with both sometimes. We might want to have some examples in an appendix so we can kind of make the point better.

MR. WATTLES: Okay. Thank you. Other questions, comments so far? We are already at the mid
point, through two of our four areas.

[No response.]

MR. WATTLES: All right. So moving on then to our third major category around U.S. Customs and Border Protections Trade Transformation Initiatives.

So we have some recommendations specific here. Ensuring that CBP work closely with the Committee and with the Commerce Department on the Trade Transformation Initiatives so that we don’t wind up with trade initiatives that conflict with existing controls. So basically to make sure that the initiatives align with the current control compliance environment so we don’t wind up having another example of where you can comply with one set of department or another, but not both.

Strongly support the C-TPAT for Export program, the new C-TPAT going out-facing instead of inward facing, being made by the U.S. as part of what they are doing with the Mutual Recognition Agreement. Our position is suggesting to Commerce that given the maturity and sophistication of the existing export systems and controls, that doing anything beyond meeting those specific requirements, so any additional requirements we would argue are not necessary through U.S. exporters beyond those that are basic.
requirements.

And then finally, as CBP is developing their trusted trader concept, we would like the Department to look at the possibility of replicating that in the export world as well as on the import side. We believe that that would really help with intercompany related activities and we recognize there are some dual use considerations that come into play there.

The fourth and final area of our recommendations is around the advanced export information. This one is new. So those of you who were not at our subcommittee meeting yesterday haven’t seen this one from us yet.

Census Bureau has established a pilot program for the purposes of testing a new initiative that basically would eliminate what is known as “Option 4” which is post-departure filings and would then require that all filings then are done in advance. Option 4 has been in existence for quite a while. The companies that are allowed as export Option 4 filers today were vetted years ago to get into that program.

When we have looked at Option 4, what that will do in terms of eliminating the ability for post-departure filing within five days of the departure, the additional costs in modifications and creation of IT
platforms to support that as well as the delays that it would impose on getting expedite required exports out - and for Boeing, our example, if there is an airplane on the ground somewhere that is out of commercial service because a critical part has failed and we need to get it out of the country today, we export that and then we have a few days to do the filing for it because we are a vetted Option 4 filer and under this that opportunity would go away.

One of the other concerns we have with that is that it is not unusual to have an information change. There are slides in departure schedules. Sometimes the ship or plane or whatever they expect an export to be leaving on winds up having mechanical problems, some things get moved. All of that causes rework to have to do a pre-departure filing.

So we see the extra costs on that. So we are proposing that the Option 4 not be eliminated. That it simply adds additional costs and risks of the export process.

So that was a new one for us and actually on that one, there is a meeting today that the National Association of Manufacturers requested with CBP. I know 3M, Chrysler, Boeing -- I am not sure if any other companies are represented. Two of my team is there.
actually talking about some of the facts and data around Option 4.

So those are the four recommendations that the Trade and Competitiveness Subcommittee would like to put forward.

CHAIRMAN BLASGEN: So comments, questions?

MS. MERRITT: Shawn, on option four, I would just like to suggest some language.

MR. WATTLES: Okay.

MS. MERRITT: On the CBP side, one basic principle that we keep trying to promote is the idea of account-based management, not transaction-based management for both the import and the export side. Option 4 is a great account management example that seems to have worked well.

As you say here, there has not been any evidence that it is not working well. Why fix something that isn’t broken? So if you could just couch it in that language, that getting rid of Option 4 is basically reverting back to transaction-based for something that has worked successfully as an account-based program for what; a decade now?

And then also in regard to that, something that we worked with on COAC is the idea that you have the exporter piece of the process and you have the
carrier manifest piece of the process. Manifests are just by definition a transaction-based thing. We are listing everything that is going out on our aircraft which includes your shipments if they are on there.

Where there is a need to put some sort of a transaction-based program in place, let’s just use the manifest to do that instead of putting additional burdens on the exporter to do export transaction filing. Let’s use the manifest system that is already going to be there to do the transaction-based piece of it, so better integration of the commodity filing side of it and the manifest filing side of the equation.

So that would go for Option 4 and then probably also for the C-TPAT for export program, the second bullet under the CBP Transportation Initiative.

Again, you know, for U.S. exporters to comply with additional export security criteria -- a lot of that would be taken care of in the automated export manifest. So take advantage of what is going to happen with the automated export manifest to do those initial security checks. Don’t put an additional requirement on exporters if you do not have to.

MR. WATTLES: Okay. Thank you. I will have to look at how it would affect the --

MS. MERRITT: I can send you some --
MR. WATTLES: Yeah, I think that would be -- because that is not what we talked about. Okay.

PARTICIPANT: Make sure you copy me. please.

MR. WATTLES: Other thoughts? Questions? Inputs?

[No response.]

CHAIRMAN BLASGEN: Okay. So this is one--once we have the edits--we can go ahead and vote on. So should we do that on a conference call, or --

MR. LONG: Yes.

MR. WATTLES: If we do a -- that would be -- yes. I think from what I got, I think a couple of fairly simple wording type of changes and one or two inputs there that would actually be an additional comment.

CHAIRMAN BLASGEN: But the whole group then is pretty much aligned with all of the recommendations made? No fatal flaws for anybody or major issues?

[No response.]

CHAIRMAN BLASGEN: Great. I think we are done.

MR. WATTLES: Thank you.

CHAIRMAN BLASGEN: Can we move on to Cynthia, then?

MR. LONG: Yes. Since we are this far ahead,
let’s flip the order a little bit. Does that work?

MS. RUIZ: Because DOT is here.

PARTICIPANT: Fred is actually not here yet. So I am not sure if you want to wait or -- are you all ahead of schedule? Is that --

MR. LONG: Yes. Substantially.

MS. RUIZ: I don’t have a problem going ahead. I just --

MR. LONG: Yes. Let’s start and then when the rest of the team gets together, we will take a break and hear them.
MS. RUIZ: Okay. So I wanted to give a report on the subcommittee and the subcommittee is the Freight Subcommittee on Policy and Freight Movement. I am happy to report that since our last September meeting, Rick and I have actually submitted the letter to Secretary Pritzker for the recommendations that were approved last meeting.

Yesterday we had a subcommittee meeting and we are in the processing of establishing -- now that we have made recommendations, what is our work plan for 2015. We actually did get a presentation by the Department of Transportation, many of them who you will hear from today. I want to thank them for coming to the subcommittee and giving great information.

They gave us information and actually had some action items for us. They gave us information on the North American Leaders Summit and the high-level economic dialogue.

One of the things that we were talking about
is what cross border and regional national freight-flows issue needed to be considered from the supply chain standpoint -- DOT. You will hear from them. They also have a workshop coming up and they asked for participation in that.

They also asked about what other North American supply chains and forwarders need to be better understood from a freight fluidity standpoint and how we can get better data. I think that some of the members of the subcommittee, in particular Joe and some of the people that have worked on the technical pieces, have really done a great job in proving that the data is there in terms of the supply chain and basically, they have been able to prove that you can look at the supply chain and evaluate speed reliability and costs.

We also talked about ways to value the industry of improving the fluidity of cross border from the North American standpoint, in particular, how does the North American freight fluidity grow jobs in the U.S.? We also talked about kind of what Juan was presenting on yesterday about the border issues, the border time issues. So I don’t want to talk for DOT, but you will hear from them and basically just building on what they are going to present today.

In terms of what our committee is looking at
making recommendations as we move forward, I don’t think we are at a position to say what we are recommendations are yet. We had very robust dialogue about what we should be looking at and it ranged from getting out of the weeds going more towards policy, what should be in a freight plan.

We also talked about doing some benchmarking in terms of what other countries do. One of the recurring themes that came up -- and we have talked about this before -- is funding. If we have a freight plan, how is that funded? I don’t know if anybody has really been able to answer that question and what does a freight system look like?

We also talked about other areas. I know Chris brought up the whole energy issue and energy in terms of how we transport that. Also we talked about, what I brought up earlier with the Secretary’s office is unfolding before our eyes right now. The west coast is a whole issue of challenges to the supply chain and taking a look at that and lessons learned. What are the issues in the supply chain as a result of all the congestion at the ports on the west coast? How does that impact the supply chain? So we felt it was appropriate to bring that up.

Leslie, did you want to add anything on that?
MS. BLAKEY: Well only that I think from the standpoint of this committee, a couple of points that all of this gets filtered through the popular media and the popular news. We are all probably more aware of the fact that the west coast port and gateway conditions are so heavily congested due to a number of factors, not simply one or two things that get reported on in the popular media as, you know, it’s the labor crisis that is causing the port congestion, which is actually not accurate.

This is an opportunity, though, for all of us who care about trying to focus our federal programs and resources on improving the freight infrastructure for the U.S. because while the conditions that are present on the west coast are there now, they could be on the east coast tomorrow. These are problems that are systemic and the fact that we have allowed our infrastructure to get to a point where we have no real wiggle room left, there is no elasticity left, so that whatever the challenge is that comes along, it throws the whole situation into a heavily congested state.

So we should not waste this crisis. We should take advantage of it to make our points to both the Department and give the Secretary of Commerce a full sense of why these things are interrelated and
hopefully, maybe that can be translated into a sort of spur to action by both the Administration and Congress. So it is an opportunity for us to weigh in on the need to be very proactive in supporting our national freight system.

MS. RUIZ: Dean, did you have some thoughts on that?

MR. WISE: Not really to add to what Leslie said -- it is something that is a concern to us for sure. I was very glad to hear from the Deputy Secretary he is very focused on it as well.

MR. WATTLES: The only part that throws me is -- I realize that I think the point you make is that any impact -- given the status of various infrastructure elements being what they are, that any impact results in a significant issue. When you made the comment that really the labor issue isn’t the problem -- from a customer standpoint, I would challenge that. I realize that it is the infrastructure that is kind of at a breaking point, then when there is a problem like the labor slowdown, the repercussions of it that we see -- I don’t want to -- I want to make sure that I understand where you are going with that.

If I take what you said as all of the labor
slowing down isn’t really causing --

    MS. BLAKEY:  I did not mean to minimize that
as a problem. But the congestion and backlog that we
are experiencing is not exclusively because of that and
in fact, might even have occurred to some degree even
if there had not been a labor problem.

    There is the chassis shortage. There is the
fact that shipper’s orders were placed in a somewhat
different timeframe than typically. Probably one of
the biggest factors contributing to this in a sense --
and this is one reason why it is a major issue for all
of our gateways -- is that to a certain extent it is
the growth of demand in the economy.

    We have gone on a buying binge and so the
opportunity here is -- again, not to minimize --
hopefully by the time that we might get through
producing some recommendations about this, hopefully
the labor issue will be resolved. The opportunity here
is to talk about why this situation is of grave concern
beyond just dealing with one issue.

    MR. WATTLES:  Okay. Thank you.

    MS. RUIZ:  I just want to pick up on that in
two areas. One, resiliency, and we talk about this as
continuity. One of the blessings -- shall we say -- of
the great recession is that the demand was a little
lower and we had some capacity to spare when we had to flex through the system and Sandy or Katrina hit, could use another part of the system and so forth.

One thing that we are seeing coming out of the great recession is capacity limitations, whether it is on the rail, whether it is in trucking, across a variety of modes. And when you don’t have that ability to flex -- I am not suggesting we need redundant capability, but in keeping our costs low because, heck, who doesn’t like free shipping? It has gotten us to the point where we don’t have that ability to flex as much as we used to.

The other point I just want to bring out on a more positive note on this regard is something that has been going on in the Port of New York and New Jersey. Ironically, it somewhat came out of Sandy and that is when everybody worked really hard together to recover after that disruption. One thing that came out of this was the Council on Port Performance. A public-private collaborative effort and he could probably talk to it a lot more than I can. It has been looking at creating a -- for chassis, dealing with gate issues. So they have taken that cooperative spirit that was borne out of destruction and started -- along the way.

So I just offer that as a positive sample. I
do not know if you want to comment on that more.

MR. BREFFEILH: Yeah -- no -- it is kind of a unique way of looking at some of the problems that we are going to be confronted with. Chassis is a perfect example. We have come up with a great chassis fleet concept. It will be implemented probably in the next year, which will address a lot of the problems that we see on the west coast. Labor, the amount of labor that is available has been increased. A lot of the root causes that we see to a lot of these problems are being addressed well beforehand.

CHAIRMAN BLASGEN: Isn’t it true that our ports, some of them were beyond capacity even before the recession? I remember viewing that in the contest of --

MS. BLAKEY: No.

CHAIRMAN BLASGEN: -- all of these other countries that were building these worldclass ports and we were talking about how we were not investing in our ports and if the economy -- if you shoot forward 10 or 15 years with the economy, look at the simple --

MS. BLAKEY: Well, if you follow projections, potentially that would be true, but in terms of --

[Simultaneous speech.]

MS. BLAKEY: Yes, actual movements. I mean a
lot of those projections were going out to 2025. They are not necessarily wrong that we could reach a capacity situation, although, fortunately, our ports are pretty good about looking at the demand headed in the direction and trying to get the berths and the crains and dredging and so forth that is needed. We have not reached -- you guys in the port --

MR. BREFFEILH: The drop off in 2009 was so significant that we are not back there yet. So there is excess capacity.

MS. BLAKEY: That really -- when we talk about capacity, of course, this is a situation where you have got many parts that have to hook together in order to have capacity throughout the system. You may have capacity at a port, but you may have such congestion on the inland roadways that access the port or issues for the rail transfers or whatever that the capacity is a system-wide issue. It is not a single point of failure issue.

CHAIRMAN BLASGEN: That is great, but when you translate down into a company’s transportation department that is routing free, they will say I ain’t putting my stuff through [indiscernible] because I ain’t never getting it out. Now whether that is true, false, or labor issue, or port capacity issue, or
railroad issue, it is an issue for somebody who is routing freight and they are going to say I am going elsewhere.

MS. BLAKEY: And that is why we need to take this up in this committee because that is a competitiveness issue. That cargo is going to Prince Rupert today, right now. It was coming here and now it is going there. So I think this is exactly the competitiveness problem that we are talking about.

MR. WATTLES: And actually, the things going to Prince Rupert and other places, if you are not careful, the Canadian ports are not handling the stuff that they can tell is being diverted from a U.S. west coast port -- some of the Canadian ports, their teams are refusing to handle them.

MR. JAMIESEN: It is none for Vancouver here recently, issues.

MS. BLAKEY: Yes, they are about to have a --

MR. WATTLES: So we are taking the more expensive option. I am flying stuff in -- if I can fly it.

MS. MERRITT: Yay.

PARTICIPANT: Keep flying, Tom.

[Laughter.]

[Simultaneous speech.]
MS. BLAKEY: Shawn, Prince Rupert is taking anything. You were talking about Vancouver.

MR. WATTLES: Yes, Vancouver is one --

MS. BLAKEY: Yes, you are talking Vancouver, but Prince Rupert is taking up everything they can get.

[Simultaneous speech.]

CHAIRMAN BLASGEN: -- parts that are so large many of them can’t be --

MR. WATTLES: I have got some parts that I can’t put on the plane, yes.

MS. RUIZ: So Rick, just to close out the committee report, we have not identified what specifically we are going to work on next. As you can see, we have a lot of different thoughts. So our plan is to come up with our next plan for the recommendations.

PARTICIPANT: Well you have got a timely one though.

MS. RUIZ: Exactly.

CHAIRMAN BLASGEN: Just a question. When we run into an industry issue like this -- it may be outside of the purview of this committee, but would there not be interest in the committee’s point of view when we end up with a supply chain disruption that has nothing to do with one of our recommendations or
anything like that? Should we write something up and say, here a perspective from industry on this particular west coast issue?

MR. WATTLES: I am not sure it is not part of our purview if we are --

CHAIRMAN BLASGEN: Well, I agree.

MR. WATTLES: -- supply chain competitiveness.

MR. LONG: Yes, you are free to provide recommendations on such things as you would like.

CHAIRMAN BLASGEN: Yes, when the committee was established, we chose to go down to subcommittees and attack certain areas and so on, but it does not stop us from drafting up something from the committee’s perspective on a particular issue.

MR. LONG: I think the whole concept of looking at -- what you just described about the nature of the congestion issue, that is certainly squarely in the middle of the purview for --

MS. BLAKEY: Even if the statement is only to underscore the importance of the federal role in working with our public and private partners in the supply chain pieces throughout the country. But there is an important federal rule in ensuring that these problems do not cripple our economy. Even if we only said that, it would be worthwhile.
MS. RUIZ: Is that a motion?

MS. BLAKEY: I think it is.

[Laughter.]

MR. LONG: It has to be a consensus.

PARTICIPANT: It is just a thought.

CHAIRMAN BLASGEN: So more information forthcoming in terms of what you are going to -- is Fred here?

MR. LONG: Let me thank both groups again before I -- I want to thank Sheldon and Cynthia for great work on this.

I think what we are going to hear now from Fred and our friends at DOT is going to sharpen both sets of discussions that we just had. So without further ado, let me turn it over to Fred Eberhart. Here -- if you would like, or sit at the table.
BRIEFING ON FREIGHT ISSUES: NAL/HLED, NFAC

Fred Eberhart, DOT
Ed Strocko, DOT
Crystal Jones, DOT

MR. EBERHART: Thank you. Greetings. Just to introduce myself, I am Fred Eberhart. I am the Deputy Director in the Office of International Transportation and Trade in the Office of the Secretary of Transportation.

I do know some of the folks in the room from our activity on the North American Freight -- on the National Freight Advisory Council. I am working in the capacity as sort of the overseer of our North American and Western Hemisphere activities.

I have been working these issues for about nine years now and I have to say, things have evolved quite substantially in time. I came on back in 2006 during the Security and Prosperity Partnership. At that time when we talked about freight corridors it was, it was usually in the context of sort of a black helicopter conspiracy theory that the North American Union was being formed secretly and this was a mechanism --

[Laughter.]
MR. EBERHART: I have to say, it wasn’t easy
to talk about freight and corridors back in those days.
I think DOT was not set up either to really talk from
a national perspective about this. I think our
orientation has always been aimed at the state and
regional requirements for transportation
infrastructure, freight infrastructure. Projects are
planned through the states. They are funded through
the states when we are talking about the core
infrastructure in the transportation sector and so that
is the logical way that we have been proceeding over
recent years.

MAP-21 really created a bit of a new
perspective for us. It instructed us to go forth and
develop a national freight strategic plan. Some of the
folks from DOT that are working on that are in the room
and will be able to talk a little more about that.

I think the bottom line is that it enabled us
to turn our dialogue with our North American neighbors
from one which was focused almost exclusively on the
efficiency of border crossings to more of an expansive
view of what the entire system looks like. Because the
United States is charged now with doing a national
freight plan, I think it makes total sense that we
would be doing it in collaboration with our North
American neighbors. That was something that the International Subcommittee of our National Freight Advisory Committee recommended very strongly. You just can’t take a domestic perspective on freight planning. It really has to be in the broader international context. In that international context, North America is very important. That was music to my ears because of my existing relationship.

Around the same time, we also decided to change our -- the interagency decided to change its -- particularly for Mexico with the Peña Nieto Administration coming on, I think there was explicitly an effort to kind of turn our dialogue more from a negative story, security and illicit trade and that sort of thing and more to the positive side, that our economies rely on each other, that we co-manufacture a huge portion of our national product that, in fact, products and manufacturing facilities are moving back from Asia to take advantage of the new opportunities in Mexico and in the United States and Canada as well. So it all made sense to start to look more at the freight planning and collaboration with Canada and Mexico.

Under the high-level economic dialogue with Mexico, we inserted a working activity to start to collaborate more closely on the whole gambit of freight
planning activities from data acquisition, definition of data requirements, data analysis, planning processes, just about everything we are doing. I think our folks from Federal Highway are going to talk a little more about the specifics of that.

Very early on we took a multi-modal team down to Mexico to really be sure we were on the same page, that we understood the differences on how we are planning freight and to set out a common agenda moving forward, focusing on all of these dimensions. Since then we have had several workshops focused on data, focused on freight planning, focused on infrastructure finance, and we are going to continue to do that.

I know that we invited Mexico to participate in a TRB meeting on freight fluidity as a technique for better understanding freight flows in the region. I think the bottom line is that we want to get on the same page in terms of how we organize ourselves. I think we recognize that in North America we are still three sovereign countries and we have slightly different planning approaches.

In the United States, at least for transportation, we have to be absolutely focused on what the regional and state orientation is. Again for reasons that I mentioned earlier, it is how projects
are developed here in the United States. Mexico and Canada are a little more centralized in the way they approach it. They are more inclined to say, well, we are the feds. We are going to tell you what the priorities are for corridors and border crossings.

I think somewhere in the middle we are able to meet because I think the bottom line is that we find that there are priorities in all regions. We have kind of set this out in an early way through our joint-planning border crossings.

DOT works with Mexico, for example, on a series of regional border master plans which engage the states on both sides of the border, but also all of the federal agencies that need to participate in cross border transactions. We found it to be a good way to begin to plan forward for infrastructure. I just came from a meeting today with CBP and they are using that as an input into their own infrastructure planning process.

I mentioned Mexico. We have done virtually the same thing with Canada. Right now we have kind of kicked it off as a parallel bilateral initiative. We have not made it a North American trilateral effort quite yet, but I think that is where we are going. We
are working on freight with Canada with the Beyond the Border Initiative. We are using existing initiatives. No need to reinvent the wheel. There is a lot of flexibility to do that.

Also the way we are tying this in trilaterally is through the North American Leader Summit, probably everybody in the room is aware that one of the targets under the NALs process is to develop a North American Transportation plan. This is a little misleading I have to tell you. I think somebody was looking for a good sound bite that worked.

I think from our point of view, it is really what I have been talking about. It is collaborating on freight, initially, to be sure that our perspective systems are in alignment. We are not planning corridors that the Mexican’s are not aware of or vice versa that all of our states are part of the process and working with the provinces and the states in Mexico. So I say for this initial phase -- is going to be consolidating this effort to be speaking the same language in terms of how we plan the freight system so that we are looking at more of an integrated system as we move down the line.

One of the first steps on this trilateral effort is a major study that we are embarking on to
look at requirements for corridors and border
infrastructure over the next 30 years. This is a study
that is co-funded by the Office of the Secretary and
Federal Highway. It was just launched -- Camp Dresser
Mckee and Smith, CDM Smith is the contractor on this.
Paul might be a good contact within this group for that
effort.

What we are going to be doing through the spring
of 2016 is working with stakeholders in the supply
chain area in freight border issues. We are going to
look at different scenarios that we can look at from --
really from a North American point of view. We want to
be on the same page with Mexico and Canada to be sure
that we are making the same assumptions about where the
economies are going, what reasons specifically are
expected to see growth in manufacturing, requirements
for freight and supply chain infrastructure, passenger
infrastructure, as well. I think we see tourism as
very important, as well.

So it is not only the movement of goods, but I
think we see this looking out over the 10-year, the 20-
year, the 30-year horizon as a way to get on the same
page with Mexico and Canada, to work from the same
assumptions as we move our planning forward, and I
think it is going to be very useful, as well, to our
own interagency federal planning for border infrastructure.

That study, as I said, goes until the spring of 2016, but we are right at a critical juncture. We will be holding over the next month-and-a-half a series of stakeholder events. We want to pull experts together in all dimensions of this, anybody that has something to say about this, into a U.S. workshop, which will probably be held in Washington.

We are going to have a workshop in Mexico and we are going to have another workshop in Canada just to sort of set the stage to get the stakeholder input before the consultant goes off and starts to do the analysis and gather additional data.

We will also bring folks back together later in the process and we expect to be dealing with this, managing this trilaterally. We are working with Mexico and Canada closely on this. There are always actually quite a few Mexican agencies and stakeholders on the calls already, Canadian stakeholders.

So it's looking very promising. I think we're going to have what we consider to be a truly trilateral outcome that I think is going to be very beneficial to this group.

One aspect I would leave you with, and maybe Ed is
going to echo that, as well, is that we get your participation in the study. We really wanted to be sure that you have a chance to shape the study as it goes forward, very important.

I would also encourage you, if you work on a North American basis with partners in Mexico and Canada, to get them engaged, as well, when we have our workshops in Mexico and Canada. We definitely want your input into this process and we look forward to working with you.

I think I'm going to leave it at that. I will turn it over to -- is it Ed?

Let me just warn you that our office of acronyms must not have been there when they named this. I'm joking. There is no office of acronyms.

[Laughter.]

MR. EBERHART. That would be the first to go if there were budget cuts.

Scenario planning, future freight, passenger traffic flows across the US-Mexico and US-Canada borders. Let me just emphasize that this is not a border study. We are talking about Yukon, Puebla. We're talking about national movements. We're not talking about just moving trade between Monterey and Texas. So I we have a very large scope.
PARTICIPANT: Is there a Website or where can we get more information about the workshops that you are offering?

MR. EBERHART: I think probably what we should do is just put it out for your network. I don't believe we've put out the Website yet. We will. But I think once we have it, why don't we just pass it through your network here?

MR. LONG: We'll circulate it.

MR. EBERHART: To be sure that you've got it on your distribution.

MR. STROCKO: And we know that you're great at getting the word out.

[Laughter.]

MS. MELVIN: Our new campaign, being North American, we're launching it today. I brought the stickers for everyone. I've got one on my car.

MR. EBERHART: I would suggest going on to Ed and then we have general questions and we'll both be available to do that.

MR. LONG: This is a great topic because I think as our group, we are going to want to pick specific aspects of this to make contributions on behalf of the entire group. So this will help us define some of the things we've talked about on trade.
It is worth mentioning, too, that some of the work we did on MAP-21 issues found its way to actually helping some of the single-window IT conversations, because it flagged for many people looking at the border management issues how the supply chain should work.

So all this stuff is important to us.

MR. STROCKO: Thanks, Dave. I'm Ed Strocko with the Federal High Administration, in the Office of Freight Management and Operations. I lead the Freight Research and Analysis Team. And it's good to be back with everybody.

Today I was very fortunate to bring another leader with me, Crystal Jones. She is the team leader for Freight Program Delivery in our office. So we kind of split off the office between the two of us. So we are going to tag-team.

We're going to talk a little bit about some of the North American projects we are working on, following-up on what Fred said. And then, Dave, you mentioned MAP-21. We'll be happy to give you a brief update on where we are with that.

So I think probably to the last point is just to follow-up on that workshop and that study you mentioned that we're very excited about, and a little bit more
detail on that.

It's really as much about process as it is about forecasts. We want to get that common framework, that understanding between ourselves, Mexico and Canada on how we should be looking at — how we should be thinking about the freight and the passenger flows that go between the three countries.

So we're using this scenario planning technique. Chris Kaplizo (phonetic), who I know has been here before, did a lot of work for us and for Chris Smith in developing a process for using it, and Dean had reminded me yesterday that Shell Oil is one of the pioneers in using that.

We have been very successful in the past. We are going to bring that back. And that's why any help, any assistance that you can give us is critical, because to develop the scenarios to really gut-check does this really make sense, are these possible futures, we need to hear from you. Otherwise, it's not going to be worth anything.

So that's really the next step and that's where we're going to have this set of workshops, defining what the future scenarios are.

After that, we are going to build off of that and try to develop some forecasts on what the flows would
look like. Multi-mobile, you've got the air cargo, as well as tourism, water flows, rail flows, as well as highway flows. And we want to take both a macro look, looking at huge regions between the countries bilaterally, and then also on a more micro look at those specific border crossings so we can understand what is happening right there, as well as what is the North American context for this.

We really think that it is going to help us as we go forward in understanding in the multi-mobile corridor and gateway needs as we try to align some of the infrastructure plans.

So it's a pretty quick study for us. We want to get it done in the next 8 to 12 months. So we'll do this workshop and then we'll probably come back in the summer and do another one and get another gut-check as we get into the forecasts there. So that's that.

The other thing I want to talk about is validity, where this group has been so instrumental improving the thinking on this. I think we've really started to get our legs under us because we're working, seeing here and the direction we've gotten.

Joe and Lance have done some work with the I-95 Corridor Coalition. We've talked about that before. Juan has done some stuff and Fred mentioned the
Transportation Research Board. At a workshop we had we brought Canada and Mexico in and out of that we have taken the next step and tried to tackle some North American supply chains.

So the first one we are looking at is automotive and we're looking at it from Windsor down to -- Windsor and Detroit down to Mexico and focusing mostly on the highway side of it, but looking at that complete picture end-to-end there.

Once we get that down, we'd like to expand it and what Cynthia mentioned before and one of our asks is what are the priorities. How should we figure this? I know Lance talks about what is that market basket. So the North American market basket, what do you think we should be doing? How should we proceed and what is the right number and what would you like us to try to kick off next there?

So I think it's very exciting. I think what is probably really instructive to us is some of the work that we got here from what datasets are out there and then some of the work when Joe and Lance actually applied it, and it took some of the fear factor away. We can do this and here is data. There is always concern is that data that is going to give us the visibility at the supply chain level, so we have a
little bit more confidence in that now.

    I think I'll turn it over to Crystal. You can
talk a little bit about some of the specific border
pieces there.

    MS. JONES: So as Ed said, I lead the team of
program delivery at Federal Highway's Office of Freight
Management Operations, and that includes everything
ranging from outreach to some of the border initiatives
that we have been working on.

    The Safe Freight Planning Initiative and also some
of the major programs like Projects of National and
Regional Significance and TIGER, which, by the way, if
we did have an office of acronyms, had NRS come out
with the regional first, if you think about what that
acronym would have been, it would been PNRS.

    So anyway, what we've been doing based on MAP-21
largely and also continuation of what we were doing
even before MAP-21 is enforcing with our states the
need to do effective freight planning, to be able to
develop freight plans into collaboration with the
private sector that allows us to basically put some
prioritization on the most important investment needs
for our transportation system and freight movement in
the nation.

    So MAP-21 had safe freight planning as an
encouragement. So states do not have to develop state freight plans, but as I mentioned, for the most part, what we find with most of our work that we've been doing with the states, the states have been doing freight planning for a long time. It's just now becoming, I guess, more defined from MAP-21 and hopefully is something akin to GROW AMERICA passes. It continues to be an emphasis area to ensure that we do effective planning, to make sure that we are making the investments into the highest priority needs for our freight system.

So along those lines, one of the other things that we've encouraged our states to do is develop state freight advisory committees. And people like you, within your own jurisdictions and areas, are the folks that we'd like to see represented in that process, because in the end, we know that we are the Federal Government and we don't know everything there is to know about the freight systems within the area.

So those state freight advisory committees are one of the linchpins to making sure that we do effective freight planning. So that's another aspect we talked to Cynthia and her group, her subcommittee, about yesterday, making sure that either as a mandatory component of something like GROW AMERICA or even an
encouragement in the MAP-21, we should see those state
freight advisory committees that require public and
private participation as one of the key steps in our
freighting planning effort.

So along the border, I think Greg mentioned beyond
the border and all those other high level, prime
minister and presidential initiatives, and, for the
most part, we've always been at the table for that,
going back to the establishment of the transportation
board or working group of Canada and the joint working
committee with Mexico. We've always been very engaged
with transportation agencies in Mexico and Canada to
advanced our efforts to make sure that we have a more
effective border crossing.

Most recently, we worked in collaboration with
Customs and Border Protection and Juan and some folks
in Texas and putting in place what we hope to be the
start of a framework that allows us to have better
information about when and where to cross the border,
how to optimizes your border crossing experience
through better information such as border wait times
and beyond border wait times, disseminating that
further back into the transportation system or traveler
information system to provide kind of a corridor
perspective on how long is it going to take you not
only to cross the border, but how long is it going to
take you to get through the border and what that entire
border crossing experience is going to be like.

So that area is one of the areas that we are going
to be doing a significant amount of work in, going
beyond sort of understanding how the border is
operating, but understanding how the system that leads
up to the border is operating. So we'll be doing work
with that.

In general, the whole concept of using an
intelligent transportation system as a multiplier to
the transportation process has always been something
DOT has been interested in whether it's for safety
purposes or traveler management and mobility.

We hope to carry some of those things from a more
North American perspective and we've been working on a
specific initiative that provides freight traveler
information; so not just information to the general
traveling public, but also specific information to
folks who are operating within the transportation
system that is specific to what is the freight
experience going to be like on our highway system.

So that's some of the other ITS initiatives,
intelligent transportation initiatives we've been
working on.
Some of you may have heard of connected vehicles. There's a component of it that looks at the safety aspect and a component that looks at the mobility aspect. So we are working primarily more so in Canada and New Mexico at understanding what that future connected vehicle is going to mean to freight transport or crossing the border between Canada and Mexico.

So under the Regulatory Cooperation Council, that's one of the specific areas that we are looking at advancing as a way to, again, make sure that the freight system is operating as efficiently as possible.

So those are kind of the key highlights I had. I'm more than happy to answer any questions about anything ranging from border operations to the freight planning or Projects of National and Regional Significance.

I will mention that we are required under the MAP-21 to develop a report to Congress that basically provides Congress a comprehensive list of Projects of National and Regional Significance. We are concluding that work now. We had two issuances of surveys to go out to the state DOTs and other eligible project sponsors to get input on that comprehensive list.

All I'm allowed to say right now is that we have received over 300 projects that have been identified as
Projects of National and Regional Significance. Beyond that, I can't give any information that we haven't provided Congress yet. But it has been an interesting process to see what the investment need is as identified through that survey process.

The report to congress was due in October. It's going to be a little late, but we are hoping that the lateness is kind of made up for by the fact that we do think that we've done a great job in going after the stakeholders that can help identify really what that investment need is for the Projects of National and Regional Significance.

MR. STROCKO: I'm going to throw in two more and then maybe we could take questions. Then if you want, we could talk about MAP-21.

Two other things I think are of interest. We are seeing a lot of interest in urban freight issues. And so we have a number of activities going on with that. We're doing an intermodal connectors study and I forgot to bring this up yesterday, so I'm going to try to get Cynthia to consider looking at this, as well, and anyone else.

We could use some reality-check on this. We're doing some case studies. We want to understand how these last mile connectors are working. What are the
conditions? What is the performance? How do we ensure that we have proper funding for them? How do we make sure they are working as intended? Often, they're the stepchild of -- they're not -- it's part of the state system, there may be a municipal system. So we've got to make sure we can get into the port, get into that intermodal rail yard.

So we have a pretty big study going on and we'd like to get a reality check from this group sometime mid-spring there.

The other thing we're working with, and this is a huge effort, this is one of those it takes a village efforts, the vehicle inventory and use survey. This is something that the Census has done in the past. They started it in the 1960s and then because of budget constraints, they ended it around 2002. It was every five years.

It looked at the operating and physical characteristics of the truck fleets in the United States. So it was an important source for a number of different purposes. So we're trying to bring it back. We're funding it at Federal Highway. We have BTS, our Bureau of Transportation Statistics, helping to fund it. USDA is on board funding it, as well as the Energy Information Agency.
We've chunked it up into three phases -- the plan, the pretest, and the survey. So right now we're trying to understand what it would look like, the scoping of it, the introduction of technology, putting trackers in the trucks to get a lot more information from how they move and how the engines are performing. And we'll see where we are at the end of the summer and then we'll be ready to go into the next phase.

It's probably going to be a $10 million to $20 million survey. So it's a big thing and we're looking at how to actually make this happen from a funding perspective. But I know it's something of interest to a lot of folks in the industry. So I wanted to mention that.

The last thing, going back to urban freight, two things. Off-hour delivery, we've done one round of competition. We have a project in DC and down in Florida, in Orlando, looking at how you can make deliveries off-hours, improve productivity there.

We're going to go back out in the next couple of weeks and offer some more grants to folks to try to pilot this. It was very successful up in New York when they did the pilot. So we're trying that out.

We're very excited about that because it's low cost. Really it's just an operational change.
The last thing is we see a lot of municipalities pushing these road diets, that complete street and you want to get the pedestrian and the bicyclist, the automobile in there. A lot of times they're forgetting the freight vehicle, unfortunately. We are injecting ourselves in that conversation, making sure that they don't forget about it, that there is room for the loading zone, there is room to make those deliveries.

So we have a project working with the EU to try to get that in the dialogue there.

So with that I'll stop and be happy to answer questions.

MS. RUIZ: Crystal, the PNRS report, when is it --

MS. JONES: Right now our date is early April. Hopefully, it will get through the clearance process and we hope to release it in early April.

MR. STROCKO: And we'll be happy to come and brief everybody.

MS. JONES: And I should say that that's a program that has freight as a major component in terms of the types of projects, but it's also transit and passenger rail and the whole gamut of major projects.

So freight is a major component of the program, though, and obviously some of the -- kind of how TIGER played out, the TIGER discretionary grant program is
modeled somewhat after PNRS.

I'm sure most of you know there is another round of TIGER, also, and that is going to be happening here in the next few months, as well. Though our office doesn't manage the policy side of TIGER, our office does manage the delivery of the TIGER projects.

We've had a lot of lessons learned from a great TIGER freight project that we are hoping to put together in some sort of package that helps advance financing and innovative financing of freight projects and using some of the lessons learned from some of the TIGER discretionary grants.

MR. LONG: From the Commerce point of view, this is all very interesting, especially in terms of trade investment matters, especially for North America.

You mentioned looking for priorities and applying different types of priorities. Could you mention it up against also some of the things NALS and the high level economic dialogue, talk about like freight forwarder planning?

Could you talk a little more about the kinds of priorities and relationships with Mexico and Canada are involved in that? We're looking for what we could contribute to that supply chain.

MR. EBERHART: I think the biggest areas are
really the whole cycle of project planning. I think I mentioned the definition of what data is required so that was on the same page and we're collecting comparable data, using comparable analytical tools, sharing information as we go forward, and ultimately when we come out with a final planning process, they are cross-informed.

I think it is unlikely that we are going to see anytime soon a single North American plan. I mean, you've got 50 states, it's very important to keep the states in this process, from our point of view. Canada has got provincial considerations, and Mexico states, as well, even though they seem not to factor that into the decision-making process.

But I think our real priority is working out how we can match this up, how we can marry up the different approaches, get them as close as we possibly can so that as we put these plans out, as we start to move projects forward, they are on the same page.

MR. STROCKO: Something you said yesterday, Fred, I thought was really important, that we can't forget to focus a lot on getting things into the country, we can't forget about getting things out of the country.

MR. EBERHART: That is a good point. Particularly having worked border crossings for a long time, a lot
of the effort seems to be aimed at the northbound in
Mexico and southbound in Canada. I think certainly
these are part of the equation, but we and all of the
Federal agencies are responsive to the President's
National Export Initiative and we see exports of jobs
is really the core reason we're working on this.

So I think that the key here is that, yes,
facilitating the flow and planning for northbound
Mexican traffic and southbound Canadian traffic is
fine, but we really need to understand what the
bottlenecks to exporting are.

I think we've recognized that Ambassador Medina-
Mora makes his visits around town, he always comes
equipped with the argument that products that are co-
manufactured, products that are actually manufactured
or assembled in Mexico have 40 percent U.S. content,
and when it is offshore, it is not anywhere near that.

So that is a very strong selling point from their
point of view. Maybe a slightly smaller number for
Canada.

I think it's really important -- actually, I guess
that is a good point. I'll reiterate it, that it's
very hard to find case studies. I have to say I've
been for years looking for good examples of -- in fact,
this week was a major milestone in our cross-border
trucking efforts. We completed the pilot. We announced on Monday that we are now proceeding, we are moving forward and we will be accepting applications for regular long-haul authority.

That is not the point of why I'm saying that, though. I remember probably seven years ago when we made another stab at doing that program and we announced that we were starting the pilot, one of the major manufacturers or one of the reps of the manufacturers here in town said, "You know why this is so important to us? It's because this will enable us to keep plants open in the United States."

We're going to be able to co-manufacture with Mexico and as a result of that, plants in the United States, at least for appliances, are going to stay here. They're not going to go to Asia.

I have to say we haven't had the same public reaction that we did the SPP, where everybody was frightened of the prospect of a North American corridor, but I think it's really important that participants in the North American supply chain be as forthcoming as they can in providing evidence of the U.S. benefits of doing this.

It's easy to say that we should do it, but often I think each company may have reluctance to offend their
Korean or Japanese partners or they may not want to share any information with their competitors, but I think there really needs to be a way to tell the story of why this is so important and how this is indeed contributing to jobs in the United States.

So that's an ask. If that's something you could turn your attention to, I think it would be very valuable.

MS. JONES: And I'll just say that the complexity of designated priority corridors on the highway side is complicated by some of the historical weight that we've classified corridors. We have a national network which was promulgated as a network. That's important for commerce. So we have that network.

We have the national highway system, which was promoted as where we should be making the Federal investment. We have high priority corridors that were designated by Congressional acts years ago and now we have the MAP-21 that's requiring us to designate another network.

For us on the highway side, I would say that the prioritization of corridors is probably not as easy as it might be for our Mexican and Canadian counterparts.

I don't know if Ed wants to add anything to that, but I think the danger of a process with comparable
data and how you might designate corridors is an
approach, but I think you still have other corridors
that exist already for the purpose of promoting
commerce, which are the interstate, of course, the
national network, the national highway system.

So it's a bit complicated on just the pure highway
side.

MR. LONG: I think we're interested to hear how it
matches up to what's happening in Canada and Mexico.
Are their priorities roughly looking like ours?

MR. EBERHART: I think it's interesting. You guys
may be able to answer more scientifically, but there is
often impatience in Mexico and Canada with our need to
really consult with our regional and state
stakeholders, the need to work through that process.

I think I said yesterday that Canada, I think,
understands how important the states are because of the
transactions with the new international trade process.
It wasn't really DOT that was running that process.
It was Michigan. I think it became very apparent that
they can't turn to the U.S. Government to make a ruling
and make all the problems go away. They have to work
very closely with state involvement.

I think on the Mexican side it's the same thing in
some ways. They have six years per administration and
I think they would like to get right to work in building the corridors and it is sort of an inconvenient middle step to have to consult with the local stakeholders in the process.

It's interesting, however, that when you look at the outcome, Canada -- and probably the Pacific gateway has come up in discussion, if not this time, probably in past meetings here, but Canada came out of the gates with its Pacific corridor running through Prince Rupert and Vancouver and not long after that, all of a sudden, they were talking about a central corridor and an eastern corridor. And darned if it didn't start to shape up to accommodate for all their stakeholders and all the provinces that probably were complaining about it.

Even though the central government in Mexico wants to have control of designating corridors, if you look at the maps of what their priorities are, they tend to run through the key points that we consider to be important. They do actually coincide pretty well with what we consider to be the major corridors here.

It is probably just in which specific road in a region and what freight line to use where there is disagreement.

But I think from our point of view, working
through our regional border master plans and working
with the state freight stakeholders really shouldn't be
much of a disruption to that process.

I think we probably come out pretty much the same.
It's just we have to take care of our respective
stakeholders.

MR. BRYAN: Fred, there is something I'd like to
bring up to you, also, just as something to think
about. This comes out of some work we were doing for
economic development purposes in Michigan.

What we are looking at is cross-border trade
opportunities and basically there was a major split
between cross-border activity on the manufactured goods
side and cross-border activity on the distribution
side.

The manufacturing side, it's not exactly a fluid
border, but it's an open border. There is a decent
amount of activity going back and forth, not every
industry, but plenty.

On the distribution side, they are completely
different worlds. It's a hard border and supply chains
are designed for the U.S. and for Canada and they do
not cross.

The reasons seem to have to do with, for example,
on the retail side, have to do with how many SKUs are
we managing, and then the differences in specifications on each side of the border, it's not just the metrics and the language, but it's also things like what are the electrical specifications. We just don't agree to be able to accept each country's or each other's requirements.

What that leads to, though, is what it says is the further along in the supply chain you go, the more we are in different worlds. The more you can break down that part of the border, the more the supply chains are fluid across the continent and the more we do that, the more we act like a single economic entity instead of only a partially integrated system.

There are clearly logistics advantages of the total logistics system if you're able to be more fluid than you otherwise are. And there are certainly consumer products companies who are making bi-national products. The issue is there aren't that many of them. And the more you have harmonization on that issue, the more it would be an open, fluid border.

MR. EBERHART: I think that makes a lot of sense. What I am hearing is that standards and rulemaking --

MR. BRYAN: Correct.

MR. EBERHART: The way we look at it is that infrastructure is the hardware, standards and
regulations are the software, and they are both necessary to do the job right. They have to be consistent and compatible.

I think we've been making efforts under the Regulatory Cooperation Council, but I think we have a lot of work to continue.

DOT has a very robust program of regulatory cooperation. We've been talking very closely on the issue of crude oil by rail, as those standards are enhanced. Crystal mentioned the ITS collaboration.

But it sounds to me that what you're talking -- and this is something I had not thought about. The standards of doing business actually create as much of a barrier to the border as actually the cross-border process.

MR. BRYAN: If you look at the consequences in practice, at that level, they are completely different markets.

MR. EBERHART: I think what would make that even more complex is the fact that probably some of those rules are provincial and state rules and others are Federal rules. So it's a challenge.

But I know that we have been committed to working closely with Canada to try to remove those barriers. I think -- and this is me speaking -- it's a long haul.
It's a cultural thing. It's a comfort thing. But I think there is a recognition that that is an obstacle.

Again, the case where we've probably got to make more of -- I think what we've found is that the Canadian companies call more for this regulatory harmonization than on the U.S. side, probably by virtue of the different sizes of the markets. But it's another case where the U.S. industry is seeing an obstacle to exporting to Canada and the same to Mexico, would make an awful lot of sense.

MR. BRYAN: I would think so. And I will add, too, that it is certainly true that tastes in Canada and tastes in Mexico are going to be different than in places in the U.S., but tastes in Chicago are different than tastes in Atlanta.

The funny retail adjustment to consumer preferences that are still done within a single supply chain, not across the board.

MR. EBERHART: Incidentally, the RCC -- I mean, we've set most of our agendas for 2015 for the RCC at this point, but I think the suggestions for specific items to address is always open. And so if there is something very specific that we can get our hands on -- I'm not sure which entities, which agencies, which jurisdictions govern that, but I think it would be very
MR. STROCKO: I would also say going -- this gets away from the regulatory side, but you're thinking about, well, what is the next North American supply chain pick, do we pick some of those retail ones or those distribution ones, everybody has some conversations with Transport Canada about that.

From a jobs perspective, it is probably less controversial. If you've got retail outlets in both places, it's not about jobs, it's about moving the goods more efficiently.

MR. LONG: This could be considered in ways that would feed into making sure -- it sounds like it's also have you picked the right supply chain for that, and it sounds like it's working out the same. It sounds like there is plenty of opportunity to offer reasonable regulatory suggestions.

Are you looking also for new paths on financing the associated infrastructure? I think our next round of financing recommendations might be a good time. Is that attractive?

MR. EBERHART: Yes. I think it's very attractive to us. I know that Secretary Foxx, that is one of his core agenda items, financing infrastructure. It's a big, big problem.
So we're talking about innovative approaches for border crossings, but I think it goes across the spectrum. How do we enable -- how do we free up more financing for the infrastructure that supports freight and supply chain?

MR. STROCKO: I can agree it's something that is on my Crystal's mind and my mind every day, and probably on Chris' mind, too. We're at a critical point there and we keep kicking the can down the road. We've got to figure out some solutions and we've got to figure them out now.

MR. LONG: In your discussions, are you looking -- a lot of this is directly at the land crossing side. Are you looking at air services or freight services of rail?

MR. EBERHART: Yes. This is all -- this study that we're talking about with Canada and Mexico is a multimodal study, looking at all modes.

Federal Highway is engaged in it, but we're bringing in all of the key stakeholders from all of the points.

MR. STROCKO: When we were talking about this group with Federal rail and our maritime industries, one of the things that they brought up was just that the financing and the water versus the land bridge and
the cost of transportation in the U.S. versus the world
and the cost of infrastructure, it was definitely on
non-highway modes.

    MR. FISHER: I'd like to make three observations.
    First, thank you for coming and giving us this
briefing.

    First, looking at financing, I represent -- I'm
vice chair of CenterPoint Properties Trust and we
finance infrastructure, major rail infrastructure
around the country and other logistics and real estate.

    There is plenty of private capital out there that
wants to tackle these projects, but we need some
assistance or seed money from the Federal Government.
So working on Triple Ts and enabling that ought to be a
priority of the Federal Government, because if the
money is out there, business knows where this money
ought to be invested. But it's really the partnerships
where government provides the seed capital that can
make it happen.

    The second thing is that I'm also the chair of the
Supply Chain Innovation Network of Chicago. We don't
have an acronym. It's called SCINC. But in any event,
it's a group of supply chain executives across the
supply chain.

    The group came together because there is a
recognition that we can't look at the supply chain in segments. So I would hope that considering projects of national significance, looking at the connection points between different modes, not just modes in isolation, because what we found in this group is that trucking companies really don't understand rail, rail doesn't really understand water.

And the bottlenecks out there that are costing Chicago real money are where there is the handoff between mode to mode. And so looking at the corridors, I think you've got to look at multimodal corridors to increase efficiency and that's a heavy focus of our group in Chicago, where there is more trucking companies, more rail, more everything. And when Chicago sneezes, the nation really has a problem. We learned that last winter.

The third observation is I think it's terrific that you are looking at off-peak delivery. Our group set that as an initial priority issue for our region, because there aren't enough truck drivers, there aren't enough roads, and the idea is how do we get better utilization.

So I think we're working with CMAP, our agency, on one of the grants and, if I can pitch it, I hope that you will give our request a favorable consideration,
because our industry group sees that as a high priority for freeing up capacity so more goods can not only be delivered in Chicago, but more goods can be manufactured in Chicago and move out to the Midwest.

So I think those are three areas that I encourage you to look at or congratulate you for looking at.

MR. STROCKO: I have struggled with this and I'm glad I'm in the room with people smarter than myself, because I can't figure the answer out and I'm hoping maybe you guys can help me.

On this off-hours concept, we have been very successful with the carriers. The drivers feel actually it is safer at night, not in congestion. They don't have to park a couple of blocks away. They can park out in front of the retail establishment and deliver it and then they can complete their route in time.

It is how do you deal with the receiver. If it's a mom-and-pop florist shop, you probably don't want to stay open until 10:00 at night. But how do you convince, how do you sell that to the retailer there that this makes sense and what are the hooks there? And we're still trying to figure out the shipper-receiver part of that.

So any thoughts, suggestions, advice on that would
be much appreciated.

   MR. LONG: Well, we are zeroed in on that.

   MS. STRAUSS-WIEDER: As you know, when Stacy did it in New York, some of the issues they ran into, they had to do curbside, elevators or labor, they didn't work overtime. But they were exploring at some point items like a caged area or restricted area so they could give keys to their vendors.

   It also ties with the work that you're doing on the supply chain, because the auto parts DCs, when they deliver to dealerships, they do have the keys, they do have a designated area, and they do deliver overnight.

   So there may be some practices there. It is harder with the mom-and-pop because they don't want to be there. But that kind of drop-box situation and some of the alternatives may help.

   I know that in New York City, some of the incentives helped.

   MR. FISHER: We see it as a concept that can be expanded to shipments running out of business parks connected with intermodal and you could increase port throughput. So the development concepts and inventory replenishment inner city, those same concepts or incentives, if you will, can be expanded to these other freight areas.
It could really help us with truck utilization, shortage of truck drivers, better infrastructure utilization.

MR. BLASGEN: Good deal.

MR. LONG: Other questions?

MR. ROJAS: You mentioned you had a meeting with CBP and, obviously, you mentioned bottlenecks. There is probably no better example of bottlenecks than some of the ports of entry that we deal with on a daily basis.

One of the key issues that we've been dealing with, obviously, we have a lot of repetitive freight, a lot of freight that is low risk being transferred by low risk carriers, low risk drivers, all CTPAT, and we are lacking some of the -- we have the proverbial fast lane, but they're not really fast lanes, they're fast gates. We don't have the lanes that get all the way into the port and that is sort of where you and SCT and the problems in Canada are coming into play.

But one of the things that we're sort of looking at, and that's a really critical aspect, but the borders of the future that we're sort of having a discussion about should be highly automated from going to the B2B thing, but at the same time, transponders -- we don't have to get to B2B yet. We already have
transponders. We already have ACE, submitting information, all these things.

  We'd love to see FHW and DOT overall sort of be a support for how do we unclog the bottleneck at the border. And, yes, we have agencies with security responsibilities and those are important, but there is a lot of repetitive freight, again, but it's low risk and it could move through quicker.

  Is that in the discussion specifically that you were having such as yesterday or where are you going with this?

  MR. EBERHART: One of the things I didn't mention under HLED is that we are coordinating very closely with Mexico on intelligent transportation systems. Crystal talked a bit about that.

  A good example is the work they are doing in San Diego, Baja right now. They are treating it as a regional system that would be tied together. Actually, they're working on pilots right now to develop that system. We see that as a great example of something that could be done once all along the border and tied into -- across the agencies into the operations.

  Maybe, Crystal, you could --

  MS. JONES: I think I probably didn't make as solid a point as I wanted to make about sort of --
we've been very engaged with Customs and Border Protection on, first of all, getting the right information to understand what times are the borders most clogged, can you think of operational changes to make it more efficient.

But I think that's the key next step is that now that we have all this information that's fairly consistent and fairly accurate, how do we move toward high impact, low cost solutions beyond just building infrastructure, because in some cases there is, number one, not money to build new infrastructure and, number two, you're landlocked and you can't expand anymore.

So I think as Fred pointed out, the San Diego project is going to look at concepts of dynamic pricing. So get this guaranteed level of service based on information that is being generated through traffic management systems and you always have the option to cross at a time where it may be a little bit more congested and you may have a to pay a little more.

So the whole traffic management process, we are very engaged with trying to apply those to the border crossing experience. But unfortunately, like everything else, it's limited by funding. But certainly I do believe that the next logical step beyond getting the good information on what the border
crossing and border delay times is figuring out how you use that information to make a better border crossing experience.

I was just sitting here thinking that having done this 11-12 years myself, I remember there was a border concept that -- assume it off-peak, where you had this sort of first-in-best-out concept, where you had your paperwork cleared and you were ready to cross the border, you'd have some staging area before the border crossing and only those that were the best prepared would get to advance to the border, whereas folks who needed paperwork changes could work that out.

So I think we're looking forward to figuring out some innovative concepts to use the information to make a positive change in the border crossing experience.

We don't have everything yet, but I think as Fred pointed out, the San Diego, Baja work is one of our -- what we consider our probably best initiatives that we have ongoing right now to understand how you can apply traffic management concepts to better operate.

Again, we have advanced our partnership with CBP tremendously over the last 10 years and I think we are looking forward to doing this, what we're saying, figuring out how to make it a better crossing experience for the users.
MR. EBERHART: I'd like to emphasize that. In the 9 years I've been working on these issues, there has never been a better level of cooperation among the agencies that work on this stuff.

It has always got to get better, there is no doubt about it. We are not complacent about it. But I think we're at a point where we talk candidly with each other. We are really in problem-solving mode and this is exactly the kind of topic we can get focused on.

The biggest issue is working around these constraints in financing. CBP is doing a pretty good job with the money that they receive. The problem is they were able to get some money last year, but a couple of years before that they were pretty well zeroed out for new infrastructure.

They've got $6 billion of deferred maintenance on their existing facilities. So you talk about expanding capacity, it would be a tough decision, if I were in charge of that, to put money into a new process.

But new capacity is part of the discussion, as well. So I'm pretty optimistic.

MR. BLASGEN: Thanks, guys.

[Applause.]
CLOSING AND ADJOURNMENT

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David Long, Director Office of Supply Chain,
Professional and Business Services
U.S. Department of Commerce

MR. BLASGEN: You guys all hung in there. I just want to thank everybody. We've made a lot of progress. Our guests from other areas did a pretty good job of informing us on areas we wanted to be informed on.

MR. LONG: Just one thing. I think we've just heard there is sort of a concrete framework for everything we've been talking about. Our proposed next is seeing our preliminary look at what questions are to this time. Let me put together something for all of the different regulatory, trade, finance, so that we can approach this process and shape what North America ought to look like.

This will have some real resonance and everything we've done can be applied. It's all stuff that all of you know real well operationally.

So we'll make a point to get a piñata, so to speak, out to everyone to take shots at and get that
set up as the more specific version of the agenda we've been talking about.

With that, as soon as we can get some dates together, we'll do conference calls to take care of the trade group's recommendation and see where we are shaping up the ITGS recommendations, as well.

Like Rick, I want to thank you for your incredible patience on this and appreciate your support. I think it was a good meeting and I think we've just heard the agenda.

MS. BLAKEY: What are the dates of the April meeting?

MR. BLASGEN: I have them as 15 and 16.

MR. LONG: I'll send a calendar around. Thank you very much.

MR. BLASGEN: Thanks, everybody.

(Whereupon, at 2:41 p.m., the meeting was concluded.)
CERTIFICATE

This is to certify that the foregoing proceedings of a meeting of the Advisory Committee on Supply Chain Competitiveness, United States Department of Commerce, held on Thursday, January 15, 2015, were transcribed as herein appears, and this is the original transcript thereof.

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LISA DENNIS

Court Reporter