

January XX, 2017

Secretary Wilbur Ross (Pending)
U.S. Department of Commerce
Washington, D.C. 20230

Dear Secretary Ross:

As Chairman of the Advisory Committee on Supply Chain Competitiveness (ACSCC), and on behalf of the ACSCC, I would like to congratulate and welcome you to your new role as Secretary of Commerce. We applaud the Administration's approach to increasing jobs, reducing regulatory burdens on U.S. businesses, improving manufacturer supply chains and stimulating investment in U.S. infrastructure. We look forward to working with you and the Trump Administration to grow and enhance the U.S. economy. We believe this starts with U.S. competitiveness and the critical global supply chain connecting both domestic and international networks and U.S. competitiveness. improve the competitiveness of U.S. supply chains, facilitate new job growth within the United States, and increasing U.S. exports. We believe the ACSCC. Below is a list of key priorities from the Committee that we look forward to working on with you and the Administration. In order to further introduce you to the committee and the collective expertise available to you, we would sincerely welcome your attendance during one of our quarterly meetings in 2017.

Domestic and Global supply chains are critical to U.S. economic growth. Whether you are moving or importing finished goods or inputs to production or exporting agriculture or manufactured goods, an efficient global supply chain is vital to reach customers here or abroad. Supply chains are the infrastructure that enables U.S. foreign and domestic commerce: More than 55 million tons of goods worth more than \$49 billion are transported through the supply chain each day. This movement of goods accounts for about \$1.408T or 7.85% of GDP. These figures will continue to rise as e-commerce is projected to increase by about 12% per year. In order to meet this growing demand, we must make sure we have a workforce ready to meet this need. Strong, high functioning supply chains are powerful sources of new jobs: there are currently 68% more job openings than the number of students entering the workforce.

The ACSCC has and will continue to perform a valuable service to the Department and other policy makers by developing fresh ideas and offering real time solutions from key supply chain industry stakeholders. Below is a list of key priorities for economic growth from the Committee. We look forward to working with you, the Administration and Congress on ensuring the global competitiveness of U.S. businesses for the benefit of U.S. workers and consumers.

Trade Innovation Subcommittee:

The Trade Innovation Subcommittee is working on ways to remove non-tariff barriers to trade, recommends realistic, timely and streamline freight innovative solutions to facilitate the secure and seamless movement and efficiency of freight. Our key priorities are:

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- ~~Ensure the~~The completion of the U.S. Single ~~window international trade data system~~ Window International Trade Data System (ITDS)-
 - ~~Continue~~ – increased funding to ~~work with~~ finalize FULL implementation of system requirements demanded by trade and ~~strengthen the~~ interagencies to realize a stable and fully operational system;
 - ~~The continued existence and further enabling of the~~ Border Interagency Executive Council (BIEC-), a key entity in ensuring a coordinated approach to trade by all U.S. government agencies involved in import/export;
 - ~~???~~
 - The continuation and acceleration of freight pilot programs to increase the use of technology to streamline and improve the efficiency and security of freight movement along major freight corridors and networks – domestically and internationally.

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Trade and Regulatory Subcommittee:

The Trade and Regulatory subcommittee The items presented here are those that have been identified by members of this subcommittee in an effort to advance concepts and ideas, from their various industries and experiences, to facilitate an enhanced supply chain and increase the competitiveness of the United States companies.

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- Streamline the process of issuance of permits is one that is common amongst a number of other subcommittees. It has a broad and ranging impact on multiple organizational types. There are numerous agencies that have an impact on the process as a whole and must be considered when discussing the environmental, regulatory and operating permits. The Departments of Transportation, EPA, and Labor are a few having significant impact and could be considered as top priority for integration into the discussions.
- Improve cross border processes and procedures to speed up the crossing itself and increase the efficiency for the government and carriers. A significant amount of work must be done to reduce the delays and increase the throughput at the time of crossing. This is for both northern and southern borders, and for truck imports and exports. At this time, there is a significant disadvantage to the carriers along the southern border when compared to the northern border. There are duplicate vehicle safety inspections that increase border crossing operation costs. Programs similar to TSA Pre-Check could be researched and implemented to help reduce delays. Increased utilization of automation and data sharing among federal and state agencies, at the borders could reduce wait times and increase efficiency. It is important to recognize budget shortfalls for ACE, etc. and the impact those will have on programs directly impacting cross border trade.
- Provide support to the Department of Commerce to remove export filing requirements for Puerto Rico. This would have significant cost savings for companies as well as reduce administrative burdens, etc. The request is to basically mimic the current exemption in place in 15 CFR 30.36 for Canada. The Congressional Task Force on Economic Growth in Puerto Rico, in a document dated December 20, 2016, recommended the Department of Commerce to take multiple actions. This subcommittee recommends the full Advisory Committee lends its full support towards the recommendations as well as provide any necessary data and information to the Dept. of Commerce in their efforts that will ultimately remove the requirement for export filings under certain conditions.

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The above listing of items are just the initial set of topics the subcommittee feels are necessary for the new administration to perpetuate the positive growth and enhancement of the American supply chain.

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Freight Policy and Movement Subcommittee:

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The Freight Subcommittee is working with industry to identify ways to alleviate operational and infrastructure challenges to trade flow, and to help promote industry coordination, cooperation, and collaboration that expedites goods movement and improves job growth by boosting the efficiency and competitiveness of America's supply chains. Our key priorities are:

- Supporting U.S. port and supply chain implementation of operational best practices that improve goods movement and efficiency
- Developing recommendations for operational and infrastructure improvements that strengthen the flow of freight to specific cross-border gateways with Canada and Mexico
- Identifying actions that can help industry and government prepare for and improve resilience against future maritime carrier bankruptcies (i.e., Hanjin Shipping Co. 2016 bankruptcy)

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Finance and Infrastructure Subcommittee:

The Finance and Infrastructure Subcommittee considers the various physical needs of our national multimodal goods movement system and seeks to identify appropriate financing and funding strategies to sustain and improve it to meet current and future demand. Our key priorities are:

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- To make and maintain improvements of a routine nature to our surface transportation system, including the freight network:
 - The new Administration should begin work with Congress to restore the purchasing power of the gas and diesel taxes by increasing the rates and indexing them to inflation.
 - Within a year of taking office, develop and submit a plan to Congress to replace motor fuel taxes with a road user tax based on mileage traveled on public roads.
- For transformational projects of national significance around major freight hubs and gateways, a dedicated funding program should be established offering grants to states and localities on the basis of merit according to measurable criteria, including the degree to which federal funding is leveraged with private and other non-federal investment.
- The new Administration should commit to 100% utilization of the Harbor Maintenance Trust fund for its intended purpose in the President's FY 2018 budget. It should also commit to utilizing the Inland water trust fund to its full capacity with inland waterway projects receiving multi-year funding, given the significant expense and time duration to complete them.
- When planning the new national infrastructure investment program, we urge the Administration to prioritize transportation investment generally and freight infrastructure specifically.

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Workforce Development Subcommittee:

The Workforce Development Subcommittee is developing solutions to address the business driven demand for all types of supply chain workers in the U.S. These demands far exceed the available supply and are a critical impediment to the global competitiveness of the U.S. Supply chain industry. Our key priorities ~~ies are~~ ~~are~~ ~~is~~:

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- The U.S. Department of Commerce ~~should~~ work with the ~~Department~~ ~~Departments~~ of Labor, ~~Transportation and Defense to in addressing supply chain workforce needs by convening~~ ~~convening~~ a supply chain workforce summit in 2017.
- ~~The Departments will collectively~~ ~~Commerce and Labor should~~ develop a concise and coordinated action plan to address practices and performance of government grants and funded programs that address workforce shortages in supply chain industries.

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Please see the attached appendices for further details on these and other recommendations from the Advisory Committee.

Sincerely,

Respectfully submitted,

Mr. Rick D. Blasgen
President and CEO, Council of Supply Chain Management Professionals
Chair, Advisory Committee on Supply Chain Competitiveness

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APPENDIX 1

TRADE INNOVATION SUBCOMMITTEE FRAMEWORK AND PRIORITIES

Subcommittee Objectives and Framework

~~A key theme~~The work of our ~~work~~committee is ~~trade innovation~~to recommend realistic, timely and ~~facilitation, especially the removal of non-tariff barriers to trade~~innovative solutions to ~~facilitate the secure~~ and ~~streamlining freight~~seamless movement ~~and efficiency of freight~~. Several federal agencies, ~~in particular~~ U.S. Customs and Border Protection, the Bureau of Industry and Security, the Census Bureau, and Department of Transportation, have been leaders in automation, the promotion of a risk-based approach to cargo processing, the streamlining of cross-border processes, and improving freight efficiency - all of which facilitate the movement of legitimate trade. But much work remains to be done to ensure these strategies are adopted by all U.S. government agencies dealing with imports and exports, as well as by our trading partners around the world. As we move through the transition period ~~to~~of the new Trump administration ~~of President-Elect Trump~~, the ACSCC Trade Innovation Subcommittee wishes to convey the strong support of the business/supply chain community - especially U.S. exporters of all sizes - for the continued active engagement of the U.S. government to promote safe, efficient and fair trade throughout the world.

Priority Recommendations

- Within the United States:
 - The completion of the U.S. Single Window International Trade Data System (ITDS) ~~in the spirit~~ ~~increased funding to finalize FULL implementation~~ of ~~Executive Order 13659, "Streamlining the Export/Import Process for America's Businesses";~~system requirements demanded by trade and interagencies to realize a stable and fully operational system;
 - The continued existence and ~~strengthening~~further enabling of the Border Interagency Executive Council (BIEC), a key entity in ensuring a coordinated approach to trade by all U.S. government agencies involved in import/export.;
 - Progress in harmonizing the regulations and policies related to the movement of cargo across state boundaries;
 - Infrastructure support for the multi-modal supply chain, including ports (sea and air), and the road/rail infrastructure connecting them to communities throughout the country.
 - The continuation and acceleration of freight pilot programs to increase the use of technology to streamline and improve the efficiency ~~and security~~ of freight movement along major freight corridors and networks ~~and eliminate the unnecessary of duplication of trade data filing requirements~~.
- Internationally
 - The completion of a North American Single Window, with full interoperability of the U.S., Canadian and Mexican individual single windows/systems for North American cross-border trade;
 - The harmonization of the regulations and policies related to the movement of freight across international borders, in particular, the streamlining of import border processes in other countries in order to provide the same support to U.S. exporters that the U.S. already provides to U.S. imports (i.e., to exporters from other countries).

- The continuation and acceleration of cross-border pilot programs to increase the use of technology to effectuate more secure and efficient trade networks throughout North America.

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APPENDIX 3

FREIGHT POLICY AND MOVEMENT SUBCOMMITTEE FRAMEWORK AND PRIORITIES

Subcommittee Objectives and Framework

Operational and infrastructure challenges at our maritime and land ports, and inland connectors increasingly threaten the reliability and efficiency of the industries that use America's freight network. The Freight Subcommittee is working with industry to identify ways to alleviate operational and infrastructure challenges to trade flow, and to help promote industry coordination, cooperation, and collaboration that expedites goods movement and improves job growth by boosting the efficiency and competitiveness of America's supply chains. The Subcommittee will include these in recommendations for collective short- and long- term actions that address these challenges and improve the competitiveness of America's supply chains and our Nation's economy.

Freight Subcommittee Focus and Activities (2017 and subsequent years)

- U.S. Freight Network and Cargo Flow Improvement
 - Develop recommendations to implement the Advisory Committee's January 2016 recommendations regarding U.S. seaport and connecting infrastructure congestion.
 - Develop recommendations to support U.S. port and stakeholder implementation of the best operational practices included in the Department's January 2017 *Improving American Competitiveness: Best Practices by U.S. Port Communities* report.
 - Identify and develop additional best operational practices recommendations as appropriate that incorporates the export, import and bulk user communities.
 - Facilitate implementation of these recommendations by:
 - Supporting individual Committee member outreach to industry stakeholders (including AgTC, National Grain and Feed Association, Coalition for Responsible Transportation, National Retail Federation, Retail Leaders Industry Association), and to port authorities, terminal operators, and ocean carriers, **to create a dialogue between stakeholders and each port community finding ways to collectively implement applicable recommendations and best practices;**
 - Helping to identify examples of how recommendation and best practices implementation has led to better efficiency, cargo flow, and resilience to system shocks;
 - Participating, when possible, in Department best practices implementation support activities, including next steps outlined in the *Best Practices* report;
 - Developing a portal with the Department of Commerce to raise industry awareness of these recommendations and best practices, and share successful implementation examples.
- Trade Flow To The Border
 - Develop a recommendation for operational and infrastructure improvements (by cargo owners, inland transport carriers, government/non-government infrastructure operators, and other stakeholders) to facilitate and improve the efficiency of U.S. freight flow to specific cross-border gateways
- Maritime Carrier Bankruptcies
 - The recent bankruptcy by Hanjin Shipping Co, caused significant harm to ports, shippers and supply chains throughout the U.S.

- o In addition, the sudden collapse of Hanjin caused significant congestion at many of our Nation's port gateways.
- o We recognize that the Federal Government's ability to compel remedial action by a foreign commercial entity is relatively limited. However, there are a number of lessons to be learned from the bankruptcy's U.S. impacts.

The Committee will work with industry to develop a recommendation on actions that can be taken by U.S. shippers, supply chains, ports, port stakeholders, and Federal Government agencies to prepare for and improve resilience against future maritime carrier bankruptcies.

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APPENDIX 4

INFRASTRUCTURE AND FINANCE SUBCOMMITTEE FRAMEWORK AND PRIORITIES

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Subcommittee Objectives and Framework

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The movement of goods along seamless and friction-free supply chains is the life-blood of our economy. Creating more efficient infrastructure reduces the cost of delay and dysfunction and yields real economic returns on investment in terms of jobs, affordable products, and access to world markets. Virtually all U.S. businesses rely on our goods movement network to some degree or another, but our manufacturing, retail, and agricultural sectors cannot thrive without a highly efficient and cost-effective multimodal system for moving goods. It is therefore critical that we analyze our freight network with the objective of identifying and addressing the most important needs for improving this system. This is a federal priority, underscored by the “Commerce Clause” of the U.S. Constitution, and finding the means for sufficient investment is the core purpose of our Subcommittee. We do not see this as a single target and approach, but, just as our infrastructure network is complex with many beneficiaries and touch-points, so too is the complex matrix of strategies and funding sources that can be applied to these needs. Our recommendations fall into two categories:

Strengthening Our Current Transportation Funding Programs

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- Immediately, begin work with Congress to restore the purchasing power of the gas and diesel tax by increasing the rate and indexing it to inflation. Within a year of taking office, develop and submit a plan to Congress to replace motor fuel taxes with a road user tax based on mileage traveled on public roads.
- The new Administration should take steps early to commit to 100% utilization of the Harbor Maintenance Trust fund for its intended purpose in the President’s FY 2018 budget. It should also commit to utilizing the Inland water trust fund to its full capacity with inland waterway projects receiving multi-year funding, given the significant expense and time duration to complete them.
- Building on the freight programs established in the FAST Act of 2015, the Administration should commit to continuing and enhancing those programs in the next surface authorization.
- The permit streamlining provisions enacted in the FAST Act should be fully implemented.

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Special Funding and Innovative Finance Programs for Freight

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- There should be a funding mechanism for projects of national significance that prioritizes megaprojects at major freight hubs and would have an enormous effect on the efficiency of freight transportation, like Chicago CREATE and other major gateways and transfer points.
- A comprehensive needs assessment for transportation projects of national significance should be performed and, in particular, the Survey of Projects of Regional and National Significance, which was mandated in MAP21 and completed in 2015, yet still not made public, should be released by USDOT. Based on the cost of the needs identified, a robust freight infrastructure development program should be established through competitive grants.

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- Transportation funding and grants should focus on freight infrastructure, justified by improved freight infrastructure's ROI in terms of national competitiveness and job creation. There should be full transparency in transportation infrastructure grants, particularly in the awards process with the list of proposed projects and the awarded project proposals made public.
- FASTLANE grants should be offered and awarded on an annual basis, not in partial year increments, over the full life of the Fast Act authorization.
- Federal obstacles impeding the ability of private sector funding to augment public infrastructure investment should be removed. Regional Infrastructure Accelerator Demonstration Program (Section 1441) authorized in the FAST Act should be fully funded to assist state and regional authorities in developing performance-based infrastructure projects using private capital while protecting the public interest.
- A national initiative should be created to make alternative fuels, such as LNG/CNG, more available.
- One time only tax reduction and ongoing tax credits/grants for U.S. Multinationals bringing back production facilities and their overseas suppliers to America.
 - Create tiers of development zones across the U.S. based on economic indices e.g. rural/urban under served and tie tiers of tax credits/grants to zones
- Set up integrated investor services across Federal Agencies for one stop permitting and information services on site selection & logistics support opportunities across industry verticals and domestic geographies.
 - Use this model to serve the mid-size and larger companies from diverse overseas geographies currently serving U.S. multinationals and others who may wish to relocate to the U.S. market but may lack the foreign investment savvy to navigate the cross border maze of obstacles.
 - Tighten referral and coordination services between fed and state investment promotion agencies.
- Train U.S. Workforce to work at these relocated multinational corporate facilities as well as requiring their newly relocated supplier companies to train and hire U.S. citizens.
 - Provide training grants and incentives, particularly for less developed zones.
- Tie proposed national infrastructure spend to a supply chain network optimization strategy that can better link urban logistics/innovation clusters with further out nodes and expand development opportunities for a wider swathe of the country."

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APPENDIX 5 WORKFORCE SUBCOMMITTEE FRAMEWORK AND PRIORITIES

Subcommittee Objectives and Framework

The demand for all types of supply chain workers in the US far exceeds the available supply, and private sector businesses continue to voice workforce concerns. The concerns, as expressed in discussions by the Advisory Committee on Supply Chain Competitiveness and in our June 2016 recommendations, include:

- Potential mismatches in the skills taught in academic institutions with the skills needed for companies to utilize workers on their first day of employment.
- The need to connect with, leverage, and expand private training programs, including apprenticeship programs within companies.
- Obtaining and retaining sufficient workers at job sites, including workforce accessibility.

Subcommittee efforts moving forward will focus on

- **Identifying and leveraging** the resources available at the federal level in a coordinated manner to meet the current and evolving workforce requirements of supply chain businesses.
- **Highlighting best practices** throughout the US that exemplify what could be done nationally, including but not limited to building awareness of supply chain jobs as viable and rewarding professions with opportunities for advancement; connecting potential workers with training and employer openings; and improving workplace accessibility.
- **Accelerating actions** to effectively and quickly address the identified workforce needs.

Priority Recommendations

- Convene a supply chain workforce summit in 2017. In June 2016, the Committee recommended that the US Department of Commerce take a convening role to address supply chain workforce needs. Accordingly, as a first step, the Subcommittee recommends that the Department of Commerce work with the Department of Labor to convene a supply chain workforce summit. The summit would bring together the federal agencies that have been working on and/or have a role in workforce development and accessibility.
- Work with the US Department of Labor to develop a concise vision and coordinated action plan that connects priorities, best practices and measured performances of grant funded programs with the issuing of workforce grants across federal agencies to address the critical workforce shortages in the Nation's supply chain industries.
- Encourage the US Department of Labor to develop a searchable database of best practices and programs that can be used by public, private and academic institutions in their workforce development and access programs. The collaboration of federal agencies, along with the input of the ACSCC, can be used to define the elements to be included in the database. Private sector business, industrial associations, and academic institutions can be encouraged to provide best practice and program examples for this database on an ongoing basis.