

March 8, 2017

The Honorable Wilbur Ross
Secretary of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Dear Secretary Ross:

As Chairman of the Advisory Committee on Supply Chain Competitiveness (ACSCC), and on behalf of the ACSCC, we congratulate and welcome you to your new role as Secretary of Commerce. We look forward to working with you and the Trump Administration to improve the competitiveness of U.S. supply chains, facilitate new job growth within the United States, and increase U.S. exports. We believe the ACSCC performs a proven and valuable service to policy makers by developing pragmatic ideas and offering real time, real world solutions from private supply chain industry operators and users.

U.S. supply chain companies, represented by the Committee, generate hundreds of billions in annual revenues and employ 5 million workers across the country. Further, considerable opportunities for additional employment exist with estimates that the freight transportation sectors alone will need to hire 3.6 million additional US workers through 2022.

Supply chains enable U.S. domestic economic growth and global competitiveness: more than 55 million tons of goods worth more than \$49 billion transported each day. According to the U.S. Department of Transportation, this movement of goods accounts for about \$1.408 trillion or 7.85% of GDP. These figures will continue to rise as retail e-commerce is projected to increase by about 12% per year to reach \$600 billion by 2022. Of the 13.5 billion square feet of industrial property in the US, 9 billion square feet or two-thirds of that space is in warehouses and distribution centers.

To move forward, our Committee makes the following four recommendations:

- Promote World Class Infrastructure—The Committee is uniquely positioned because our members are directly aware of areas of need for efficiently moving goods to domestic and export markets. We are deeply involved in both the physical project dimensions of major infrastructure project planning and in the design of process improvements which enhance returns on infrastructure investments and, in some cases, reduce or obviate the need for funding. The Committee has experience working with state and local governments, as well as federal agencies and is developing practical recommendations to facilitate involvement of PPP's.

We urge:

- Funding processes based on ROI to national competitiveness and employment opportunities created;
- Use of grants, with broad eligibility, to incentivize and attract private capital and other non-federal sources of funding to project development; provide assistance to local and regional government levels to develop expertise to enable P3 funding approaches, while protecting the public interests;
- In addition to the Executive Order of January 24, 2017, fully implementing the various permitting reforms authorized by Congress in the FAST Act of 2015.

- Stimulate U.S. economic growth –The supply chain sector is and will remain one of the leading sources of U.S. employment opportunities, if we and our partner institutions can develop strategies to successfully address workforce development challenges and match worker skills with those most needed in our industry.
 - Work with the Departments of Labor, Transportation and Defense on a Supply Chain Workforce Summit
 - Develop an action plan coordinated across departments to address work force shortages in supply chain industries, bringing employment opportunities to thousands of Americans across the country.
- Win at trade - A key theme of our work is trade innovation and facilitation, especially the removal of non-tariff barriers to trade. Several U.S. federal agencies have been leaders in automation, the promotion of a risk-based approach to cargo processing, and the streamlining of cross-border processes, all of which facilitate the movement of legitimate trade. We wish 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.
 - The completion of the U.S. Single Window International Trade Data System (ITDS), and subsequently 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 continued existence and strengthening 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.
- Modernize NAFTA - Because of the immediacy of discussions surrounding NAFTA, our Committee has created a dedicated NAFTA task force to provide you and the interagency team with our recommendations for improvements in NAFTA that will strengthen North American supply chains and enhance the efficiency of the North American platform. We will be providing specific recommendations for these negotiations very soon, but, in the interim, we feel the below areas should be addressed...
 - Regulatory reform / alignment
 - Preclearance of goods / cargo
 - Cross-border trucking
 - Implement Government-wide trusted traveler / trusted trader programs
 - Border infrastructure security
 - Updating the NAFTA visa list of professions

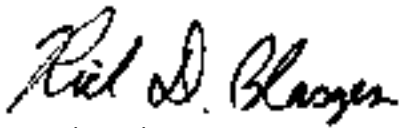
It is requested that you share these recommendations with your colleagues in President Trump's cabinet, particularly with the Secretary of Transportation, the Secretary of Labor, the Secretary of Defense, and the U.S. Trade Representative.

These recommendations are the result of the active work of our subcommittees which identify, tackle and progress recommendations for our Committee and the Department to consider.

Background information on these recommendations is provided at Attachment 1.

The Committee and the organizations we represent stand ready to work with you to provide private sector support for implementation of these recommendations or to provide additional insights into these issues at your convenience. Ideally, we would be honored if you would accept our invitation to attend our next meeting, schedule for April 19-20 in Seattle.

Respectfully submitted,

A handwritten signature in black ink that reads "Rick D. Blasgen". The signature is written in a cursive, slightly slanted style.

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

Attachments:

Attachment 1 – Trade Innovation Subcommittee Framework and Priorities

Attachment 2 – Freight Policy & Movement Subcommittee Framework and Priorities

Attachment 3 – Infrastructure and Finance Subcommittee Framework and Priorities

Attachment 4 – Workforce Subcommittee Framework and Priorities

List of ACSCC members

ATTACHMENT 1

TRADE INNOVATION SUBCOMMITTEE FRAMEWORK AND PRIORITIES

Subcommittee Objectives and Framework

The work of our committee is to recommend realistic, timely and innovative solutions to facilitate the secure and seamless movement 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 of the new Trump administration, 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) – increased funding to finalize FULL implementation of system requirements demanded by trade and 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.;
 - 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.

ATTACHMENT 2

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.
 - In addition, the sudden collapse of Hanjin caused significant congestion at many of our Nation's port gateways.

- 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.

ATTACHMENT 3

INFRASTRUCTURE AND FINANCE SUBCOMMITTEE FRAMEWORK AND PRIORITIES

Subcommittee Objectives and Framework

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

- 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.

Special Funding and Innovative Finance Programs for Freight

- 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.
- 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."

ATTACHMENT 4

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.

Advisory Committee on Supply Chain Competitiveness Members

Mr. Paul H. Bingham

Vice President
Economic Development Research Group

Ms. Leslie T. Blakey

President and Executive Director
Coalition for America's Gateways and Trade
Corridors

Mr. Rick D. Blasgen

President and Chief Executive Officer
Council of Supply Chain Management
Professionals (CSCMP)

Dr. Sandor Boyson

Co-Director, Supply Chain Management
Center
Robert H. Smith School of Business
University of Maryland

Mr. Stan Brown

Vice President, Global Supply Chain
CA Technologies

Mr. Joseph G.B. Bryan

Principal Consultant
Parsons Brinckerhoff (Representing (OneRail))

Carl Q. Carter

Associate General Counsel
International Paper Company

Mr. James Cooper

Vice President, Petrochemicals
American Fuel and Petrochemical Manufacturers

Ms. Laurie Hein Denham, CTL, CAE

Vice President of Education
Transportation Intermediaries Association (TIA)

Ms. Jacqueline Faseler

Global Director - Supply Chain Sustainability,
EH&S, Advocacy
The Dow Chemical Company

Mr. Paul Fisher

Vice Chairman
CenterPoint Properties

Mr. Brandon Fried

Executive Director
The Airforwarders Association

Mr. Rick Gabrielson

Vice President Transportation
Lowe's Companies, Inc.

Mr. Jonathan E. Gold

Vice President, Supply Chain and Customs
Policy
National Retail Federation

Mr. Lance R. Grenzeback

Senior Vice President
Cambridge Systematics, Inc.

Mr. William Hanson

Vice President
Great Lakes Dredge & Dock Company, LLC

Mr. Jim Jacob

Principal Strategist 3M Supply Chain and
Acquisition Integration
3M Supply Chain

Mr. Jevon T. Jamieson

Sr. Mgr. Audit & Corrective Action – Exports
Walmart

Mr. Ram Kancharla

Vice President of Planning and Development
Tampa Port Authority

Dr. Walter H. Kemmsies

Managing Director & Head of U.S. Strategy
Jones Lang Lasalle

Dr. Panos Kouvelis

Senior Associate Dean and Director
The Boeing Center
Washington University in St. Louis

Mr. Ricky Kunz

Chief Commercial Officer
Port of Houston Authority

Mr. Tony McGee

President and Chief Executive Officer
HNM Global Logistics

Ms. Tiffany Melvin

President
North American Strategy for Competitiveness

Ms. Elizabeth Merritt

Director, Cargo Services
Airlines for America

Mr. Mark Michener
Director, Transportation
Amazon.com

Ms. Elizabeth Ogard
President
Prime Focus LLC

Ms. Gina Reynolds
Chief Executive Officer
Rural Business Development Advisors, LLC

Ms. Bethann Rooney
Assistant Director, Port Commerce Department
The Port Authority of NY & NJ

Mr. Corey Rosenbusch
President and CEO
Global Cold Chain Alliance

Mr. Norman T. Schenk
Vice President, Global Customs Policy & Public
Affairs
UPS

Mr. Gene Seroka
Executive Director
Port of Los Angeles

Dr. Yossi Sheffi
Director, MIT Center for Transportation and
Logistics
Massachusetts Institute of Technology

Mr. Page Siplon
Executive Director
TeamOne Logistics

Mr. Mike Steenhoek
Executive Director
Soy Transportation Coalition

Mr. Ronald F. Stowe
Member
The SPECTRUM Group

Ms. Anne Strauss-Wieder
Director, Freight Planning
North Jersey Transportation Planning Authority

Mr. Juan Villa
Program Manager
Texas A&M Transportation Institute

Mr. Shawn Wattles
Director, Supply Chain Logistics
The Boeing Company

Mr. Thomas Weill
Chief Procurement Officer
Campbell Soup Company

Mr. Prem William
Vice President, SCI Operations and Solutions
HAVI Global Solutions

Ms. Melzana Wilson
Vice President, Compliance
Mallory Alexander International Logistics
(Representing: National Customs Brokers &
Forwarders Association of America - NCBFAA)

Mr. Dean H. Wise
Vice President, Network Strategy
BNSF Railway