THE LINK

Stakeholder Newsletter of the U.S. Department of Commerce's Distribution and Supply Chain Team

Summer 2011

Sustainable Supply Chains in Brazil

The Competitiveness Context of the U.S. Supply Chain

Franchise Trade Mission to India

Global Logistics Management Training in China

Secretary of Commerce Approves Supply Chain Advisory Committee

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The Distribution and Supply Chain Team

supplychain@trade.gov

Bruce Harsh
Deputy Director, Distribution and Supply Chain Team

bruce.harsh@trade.gov

202-482-4582

Joe Holecko
Express Delivery; Postal Regulation; Infrastructure Investment

joe.holecko@trade.gov

202-482-4783

Russell Adise
Maritime; Port and Border Security Services

russell.adise@trade.gov

202-482-5086

John Miller
Distribution Services; Retailing and Direct Marketing; DSCT website and newsletter development

john.miller@trade.gov

202-482-1316

Richard Boll
Freight Rail & Trucking; Franchising & Direct Selling; ITAC-10, *Services and Finance Industries*; ITAC-5, *Distribution Services*

richard.boll@trade.gov

202-482-1135

DEPARTMENT OF COMMERCE · UNITED STATES OF AMERICA

INTERNATIONAL TRADE ADMINISTRATION

Letter From the Director

Greetings Supply Chain Stakeholders,

In an effort to develop a greater level of communication between the Distribution and Supply Chain Team and all of you operating in supply chain industries, we have developed the quarterly newsletter you are now reading. Dubbed, ***The Link***, this newsletter is intended to inform you on the recent activities the team has been working on and keep you up to date on upcoming events.

In this inaugural "Summer 2011" edition, the team has highlighted a recent trade mission to India, a logistics training program in China, sustainable supply chains in Brazil and an overview of the steps the Distribution and Supply Chain Team has taken to improve American competitiveness through the supply chain. As a regular feature of the newsletter, there is also an update to trade agreements that are pending or in work, as well as an update to the supply chain outreach program undertaken by the team in partnership with the Department of Transportation.

We hope you find this newsletter informative and helpful. We are very interested in hearing comments and ideas for future development of ***The Link***, as well as any questions or suggestions that you may have for our team. Please contact us at ***supplychain@trade.gov***.

Sincerely,

David F. Long
Director, Office of Service industries

Trade Update

By: Richard Boll

Trans-Pacific Partnership (TPP):

The United States and its TPP partners - Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam – made considerable progress in the sixth round of negotiations held recently in Singapore, giving a strong boost to their efforts to develop a high-standard, 21st-century trade agreement that will support the creation and retention of jobs and promote economic growth. The next round (seventh) was held from June 15 - 24 in Ho Chi Minh City, Vietnam. The eighth and ninth rounds are tentatively scheduled for September 6 - 11 in the United States and October 24 - 28 in Peru.

WTO GATS – Doha:

During the week of June 20th the WTO member countries held services negotiations in Geneva to discuss ways to go forward on services in the Doha round. All work being done in Geneva is focused on producing results before the Ministerial conference scheduled for December 2011.

U.S. - Brazil Commercial Dialogue:

The Dialogue, which began 2006, features working groups comprised of experts from both governments that develop recommendations to advance bilateral trade and investment between the United States and Brazil. On June 8-10, Under Secretary Sanchez participated in the U.S.-Brazil dialogue in Brasilia, Brazil.

Mexico Trucking Dispute:

On March 3, U.S. President Obama and Mexican President Calderon announced an agreement that would allow Mexican trucks to deliver goods into the United States and eventually lead to Mexico dropping its $2.4 billion a year retaliatory tariffs on U.S. goods. Although the details of the agreement are not finalized, when final agreement is reached Mexico will suspend half of its retaliatory tariffs and remove the rest after the first Mexican trucker is allowed to deliver goods in the United States.

Supply Chain Outreach Events:

September 12 & 13 - New Orleans, Louisiana:

- The American Society of Transportation & Logistics (ASTL) Yangtze-Mississippi Rivers Forum, New Orleans, LA, September 12
- DOC/DOT Supply Chain Outreach Roundtable, September 13

Trade Tip:

The World Trade Organization offers information on international trade statistics and trade tariffs profiles. Your can find these downloads on the WTO economic reasearch and analysis gateway located at:

http://www.wto.org/english/res_e/reser_e/reser_e.htm

The International Trade Administration's Manufacturing and Services office recently held a highly successful franchising trade mission to India.

Franchise Trade Mission to India

By: Bruce Harsh

As India is a priority market under President Obama's National Export Initiative, Assistant Secretary for Manufacturing and Services Nicole Lamb-Hale led the first-ever Department of Commerce Franchise Trade Mission to India during the week of April 11-15. Fifteen U.S. franchise and two industry media representatives visited Mumbai, Hyderabad, and New Delhi to learn about various business opportunities in these markets. The trade mission is an example of America's growing commercial relationship with India.

The company representatives knew that Indian franchise industry is a great business opportunity, currently having a $3.3 billion franchising market and projected to grow to at an annual rate of 30-35 percent. They also knew their franchising concepts offer a proven business model to prospective Indian partners and for them, the business opportunity to grow in new areas.

What they did not know was how to tweak their menus to meet the cultural tastes and preferences of the consumers in each market or what the demand would be for their various concepts, including advertising, cleaning, entertainment, or retailing services. After receiving more than 340 one-on-one meetings with potential Indian partners, engaging in several site visits to see first-hand how some of the sandwich shops and casual dining concepts operate, and having meetings with nearly 500 top level CEOs of prominent franchise, retail, food and beverage, and hospitality brands, they got a pretty good idea of how to access these markets.

The mission participants also heard expert briefings from various government officials and executives, including the president of the Franchise Association of India, the managing director of McDonald's India, and from U.S. government commercial officials in each city.

The delegate's brands represented concepts ranging from the quick service restaurant sector (Applebee's International, BannaStrow's Crepes and Coffees, CKE Restaurants (Carl's Jr.), Denny's, FOCUS Brands (Carvel, Schlotzksy's, Moe's, Auntie Anne's), Johnny Rockets Group, Pollo Tropical, Rita's Italian Ice, Wendy's Arby's Group, Which Wich, and Wing Zone), advertising (EmbroidMe and Billboard Connection), cleaning (Molly Maid), entertainment (The National Museum of Crime & Punishment and The Titanic), and retail services (Radio Shack). Many of the delegates indicated their meetings will lead to significant levels of fees and sales. One delegate even signed a contract while on the mission. More agreements are anticipated in the near future.

In addition to the promotion of the U.S. franchising concepts expanding to India, Assistant Secretary Lamb-Hale held meetings with ministers and business representatives in all three mission markets to highlight the benefits of the franchising sector, such as transfers of world-class technologies and business processes and to hear some perspectives on new trends and investment plans for a range of industries. She was also able to promote more financing for franchisees and improved retail opportunities that would provide more options for Indian consumers and new opportunities for investments (such as cold-chain facilities) that support the franchise sector.

Overall, the mission was a huge success. The delegates raved about the quality of the one-on-one meetings and will be able to make some good sound business decisions on which partner(s) they would to pursue in India.

The Department of Commerce is not resting on these results. Based on the interests of many of the mission delegates and discussions with others, the Manufacturing and Services office is now looking to hold a trade missions in Vietnam and Indonesia in December 2011.

For more information about these upcoming business opportunities, please contact Richard Boll at (202) 482-1135.

Assistant Secretary for Manufacturing and Services, Nicole Lamb-Hale, tours the 200th Subway establishment in India.

In 2008, The American Society of Transportation and Logistics received a grant from the Department of Commerce's Market Developer Cooperator Program to develop a logistics management training program in China. The goal of the training program was to assist American firms who were finding it increasingly difficult to hire competent managers to run their logistical operations in the fastest growing consumer market in the world.

MDCP Partner AST&L Launches Training Program in China

By: John Miller

For many American companies, China represents a huge opportunity for growth. In recent years, numerous companies launched aggressive growth plans in the country only to find themselves bogged down by an inefficient logistics supply chain. American companies discovered that there was a lack of knowledgeable logistics managers in China which could efficiently run the supply chains that are so vital to business growth. Supply chains are the life blood for businesses; they provide the goods and services that businesses need in order to compete in a consumer driven environment and provide the means for American exports to be distributed and sold around the globe. Without the talent to efficiently manage these systems, many companies began scaling back their expansion plans in China.

The American Society of Transportation and Logistics (AST&L) recognized this problem and partnered with the International Trade Administration through its Market Development Cooperator Program (MDCP) and logistics providers in China to address the issue. The resulting curriculum, dubbed the Global Logistics Management (GLM) program, was designed to train and certify Chinese students in globally recognized standards of logistics and transportation management. The program incorporates advanced management techniques and operation experiences of the American logistics industry, adapted for the Chinese logistics market characteristics and business requirements.

In December 2010, ITA's MDCP program manager for the GLM project, John Miller joined AST&L's Executive Director, Laurie Denham and AST&L China's Chief Representative, Chung Tam, in welcoming the inaugural class of the GLM program at the Shanghai Nanhu Vocational School. For the next several months, the students learned the knowledge and skills necessary to become the next generation workforce for the logistics industry and developed a platform for future career advancement.

The hard work of these students paid off on April 11, 2011, when the first graduates of the GLM program received their certificates of training. Of the 28 GLM graduates, 18 already had placement in the logistics and transportation industry at the time of graduation. David Long, Director, Office of Services Industries, for ITA was in attendance for the event and said "The success of this first class of GLM graduates highlights key components of the MDCP program. Having 18 industry placements is an exceptional start and demonstrates the quality of the training and its importance to industry. We are delighted to partner with ASTL in this program."

AST&L's Chief Representative in China, Chung Tam and ITA's program manager John Miller display the text book for the Global Logistics Management Program.

The next classes for the GLM program are forming in several cities in China. Industry is already responding with ideas and opportunities to expand the educational program to include training in subjects like cold chain logistics, an area that can potentially lead to billions of dollars in increased U.S. agricultural exports. AST&L is also planning to adapt and expand the program to other regions and emerging market countries in the near future.

For more information on the Market Development Cooperator Program please visit:

http://ita.doc.gov/td/mdcp

The Inaugural Class of the Global Logistics Management Program start their training.

The Distribution and Supply Chain Team has been leading the charge to address critical issues of the U.S. supply chain infrastructure.

Our Supply Chain Infrastructure: The Competitiveness Context

By: David Long
Russell Adise

Several years ago, a little-noticed public service advertisement appeared on Washington, D.C. buses. Paraphrased, it stated: "The product you're using today was on a vessel yesterday."

Relatively few visitors to Washington recognized the significance and context of this advertisement. However, America's manufacturers and shippers – indeed, all who import, export, and move their goods and products throughout America and into the global economy – understand that statement and its context.

America's domestic supply chain infrastructure is the crucial link in the international trade chain that connects our producers, and American jobs, to the global economy. Improving the flow of U.S. goods into global markets is crucial to improving American competitiveness in world trade, and to the success of President Barack Obama's National Export Initiative, which seeks to double America's exports by the end of 2014 to support millions of jobs here at home.

Our supply chain infrastructure's problems are a crucial aspect of the competitiveness issues that face America's producers and exporters. Any supply chain infrastructure failure or chokepoint can delay the domestic and international movement of American goods and products, causing higher costs, lost sales, and missed export targets.

To address this issue, and to further President Obama's National Export Initiative goals, the Departments of Commerce and Transportation are working together in a Competitive Supply Chain Initiative. This is a comprehensive, user-focused effort to improve the efficiency and connectivity of the entire U.S. freight and supply chain infrastructure. The goal: to support sustained American economic growth and boost U.S. exporters' ability to sell their goods in the global marketplace.

Supply Chain Infrastructure: Competitiveness Impacts

America's supply chain infrastructure is crucial to U.S. domestic growth and global trade. Its ability to meet America's commercial and economic growth demands affects all industries, all sectors, and all levels of development. As Secretary of Commerce Gary Locke has noted, "To be competitive in today's global economy, U.S. companies need to be able to move products and goods securely, quickly and efficiently within our borders and beyond. America cannot compete successfully in the 21st Century with a 20th Century infrastructure."

Our domestic supply chain infrastructure is straining to keep pace with the long-term growth of U.S. commerce and trade. U.S. shippers and transport modes alike report that the biggest impediments to our trade flows are found in the inland and landside links through which goods are transported to and from U.S. export and import seaports and within the United States.

Leading U.S. CEOs have described systemic, long-term deficiencies throughout America's entire domestic transportation infrastructure, including:

- lack of sufficient last-mile road and rail port connections;
- overloaded and deteriorating roads and highways;
- insufficient rail system and intermodal interchanges; and
- a general lack of communication and coordination between and among shippers, carriers, and regulators.

America's shippers say that these problems have a dramatic impact on the speed and predictability of moving goods throughout the United States. A top manufacturing executive recently told Commerce and Transportation officials that when all of our domestic transport and logistics system inefficiencies are taken into account, a finished good moves between Midwest locations and East Coast ports at a top speed of twelve miles per hour. Recently, one senior transport executive asked whether our policy makers really think we can substantively expand our manufacturing base with our existing supply chain infrastructure.

Shippers blame these systemic problems on our failure to implement a comprehensive, system-wide U.S. freight infrastructure development strategy and on our mode-specific approach to transportation planning and investment. The result, they say, is that America is not improving our freight infrastructure fast enough to keep pace with the export demands of 21st Century supply chains.

The issue is critical to American economic recovery and sustained growth. In a world in which entire supply chains compete with one another, supply chain competitiveness affects the cost of every single product made or moved, bought or sold, in the United States, and whether we can meet global prices. It also determines where companies invest and hire.

In contrast to the United States, our top trading partners – including Canada, Asian nations, and European Union countries – are developing comprehensive, cross-modal freight and infrastructure policies to facilitate the movement of their goods in order to meet their national export and growth goals in a global economy. To avoid falling behind these nations, and to meet the President's National Export Initiative goals, the United States must move quickly.

The National Export Initiative.

The Competitive Supply Chain Initiative is a key element of President Obama's National Export Initiative, also known as the NEI. Announced in January 2010, as part of the President's State of the Union Address, the NEI is a long-term growth effort intended to double America's exports over five years to support millions of American jobs. It marks the first time that the U.S. Government has deployed a Cabinet-wide export promotion strategy, with focused attention from the President. The NEI comprises five strategic components:

- An Administration-wide effort to improve Federal trade advocacy and trade promotion on behalf of U.S. exporters;
- Increased access to export financing, especially for small and mid-size businesses;
- Action to remove overseas trade barriers that block the sale of U.S. goods and services, to open as many new markets as possible;
- Robust enforcement of trade agreements and rules; and
- Promotion of domestic and global policies that lead to strong, sustainable, and balanced economic growth.

The NEI is playing a central role in the renewal and rebalancing of the U.S. economy and its job base. In 2009, exports accounted for 11.2 percent of America's gross domestic product (GDP). By focusing on helping U.S. exporters to expand their sales overseas and to enter new target markets in both developed and emerging countries, the Administration is helping to create new export-related jobs that pay an average of 15% more than non-export related jobs, and to generate private sector economic activity that significantly expands our GDP.

The Administration's September 2010 Report to the President on the NEI explicitly recognizes that intensified collaboration among Federal agencies to improve America's supply chain and transportation infrastructure – including its marine system – is crucial to our efforts to help U.S. exporters expand their sales in both existing and new overseas markets. As the Report states:

"Improvements in the U.S. transportation and supply chain infrastructure are critical to enabling exporters from all 50 states to get their goods to ports quickly and inexpensively. Maintaining a globally competitive, user-focused U.S. supply chain infrastructure is critical to the success of the NEI and to sustained American economic growth. ... Canada, the European Union, and other competitors have already adopted similar policies that promote their supply chains

Transporation Secretary Ray LaHood speaking at the May 9, 2009 "Game Changers" Conference.

and national development. Many of the United States' most important exporters are farmers located in rural areas and manufacturers that have built plants in rural areas to keep production costs low. The Federal Government needs to make sure that these exporters, like their counterparts in the urban markets, are connected to export ports through a systematic and smoothly functioning network of airports, railroads, roads, and waterways."

The Competitive Supply Chain Initiative.

Through the Competitive Supply Chain Initiative, the Departments of Commerce and Transportation and our interagency partners are seeking to meet the President's export goals while responding to industry concerns over the state of America's supply chain infrastructure. The ultimate objective is to achieve seamless, facilitated goods movement across all transport modes and throughout the nation in order to boost our domestic commerce, our export sales, and our national competitiveness.

The Initiative began in May 2009, at a national conference titled "Game Changers in the Supply Chain Infrastructure: Are We Ready to Play?". The event was co-led by Secretary of Commerce Gary Locke and Secretary of Transportation Ray LaHood. At the conference, government leaders met with top U.S. supply chain executives to discuss how our domestic supply chain, transportation, and investment policies and how these must be improved to maximize America's competitiveness in the global economy.

Commerce Secretary Gary Locke speaking at the May 9, 2009 "Game Changers" Conference.

At the conference, top-level executives from such firms as Coca-Cola, Cisco, Caterpillar, and Deloitte emphasized that America needs to address these issues as part of a comprehensive, cross-modal national policy that promotes seamless goods movement across and through the United States and into the global economy. Both Secretaries expressed their commitment to work towards this goal, together and with stakeholders, to improve the domestic and global competitiveness of America's supply chains.

Since then, Commerce, Transportation, and other participating agencies have been working together and with stakeholders to identify the critical elements of a freight policy that would meet these national objectives. Under this policy, the multiple, interconnecting modes and infrastructure elements that comprise our freight system would be strategically improved as part of our larger effort to improve America's national competitiveness.

Our efforts include the following activities:

Memorandum of Understanding:

In April 2010, both Secretaries signed a Memorandum of Understanding (MOU) on National Economic and Supply Chain Competitiveness and Sustainability. Under the MOU, the Departments of Commerce and Transportation will work individually and jointly to advance the competitiveness of U.S. supply chains through the development of a comprehensive national freight policy. The activities anticipated under the MOU include coordination in freight policy development, studies to identify freight transportation capacity and constraints, and identification of appropriate freight movement and supply chain performance measures.

Supply Chain Competitiveness Advisory Committee:

Secretary Locke has now approved the establishment of a Federal Advisory Committee on Supply Chain Competitiveness. The Committee will provide policy makers with continual, high-level advice from industry advisers on how to develop comprehensive national supply chain and freight policies that improve the competitiveness of our exports and our economy. It will include representatives from America's trade-dependent and shipping industries and from each mode of freight transportation. Through the Committee, America's shippers and industries will have a key opportunity to offer solutions that boost the connectivity and competitiveness of American commerce and international trade.

Congressional Interest:

In April 2010, Assistant Secretary of Commerce Nicole Lamb-Hale and Assistant Secretary of Transportation Polly Trottenberg testified before the Senate Finance Committee, noting the need for a comprehensive, competitiveness-oriented national freight policy to increase America's exports, jobs and economic growth. Additional opportunities to testify on this issue are anticipated during the 2011-2012 Congressional session. A number of Members of Congress have expressed support for the types of policies that the Departments are pursuing under this joint initiative.

Regional Outreach:

Commerce and Transportation are engaged in a comprehensive series of regional freight stakeholder outreach forums. Through these forums, our Departments are improving our knowledge of each region's top freight infrastructure issues and how these affect (and are affected by) national freight policy. Since September 2010, five major events – in Atlanta, Chicago, San Diego, Kansas City, and Seattle – have been held, with crucial lessons learned at all three events. Additional forums are being planned in 2011. America's shippers, transportation industries, infrastructure owners, and other stakeholders are actively engaged in the planning and execution of these events.

Our Next Steps: Continuing to Improve the Connection

The success and health of our national supply chain infrastructure and freight system is vital to the President's National Export Initiative and its focus on creating and sustaining American jobs through increasing U.S. exports. America's supply chain stakeholders must continue to play a crucial role in this effort. Going forward, it is "mission critical" that we all continue to work together through the Competitive Supply Chain Initiative to ensure that America's producers can succeed – and that the United States can remain competitive in the 21st Century – by comprehensively improving the connections that link American producers to the global marketplace.

For more information about the supply chain initiative please contact the Distribution and supply Chain Team at **supplychain@trade.gov**

Franchising Trade Mission To Vietnam And Indonesia

December 6 – 13, 2011 (Tentative dates)

Vietnam

With GDP growth consistently above 7% and disposable incomes on the rise, Vietnam is a true emerging market, offering ground floor opportunities for U.S. firms. Fueled by a rapidly emerging middle class demanding quality products and services, Vietnam's franchise sector has grown 30% annually in recent years and is set to outpace that during the next five years.

As a participant on this trade mission, you will find out what over 70 international franchise brands already know: You need to be in Vietnam now to ride the country's exponential growth!

Key Markets of Opportunity: Fast food, quick service restaurants, business services, health and nutrition, education services, health care, children's services, cleaning and sanitation, hospitality, beauty and skincare, entertainment, and convenience stores.

Indonesia

Indonesia is a great long-term market for franchise businesses. The local industry started with three franchises in the 1970s. Presently, there are approximately 278 foreign and 92 local franchises operating in Indonesia covering a wide range of franchise sectors. American franchises are highly respected in Indonesia and hold up to 55 percent of the domestic market for foreign franchises.

Indonesia is Southeast Asia's largest economy and has delivered consistently high annual growth exceeding 6% in both 2007 and 2008. During the difficult global conditions of 2009, Indonesia's economy was among the top worldwide performers.

Key Markets of Opportunity: Food and beverages (F&B) is the most popular and has the greatest potential. Other high potential sectors include education products and services (including children's education), business services, and retail (specialty stores).

For more information contact:

Richard Boll

Richard.Boll@trade.gov

202-482-1135

Supply Chain Outreach Events Update

By: John Miller

Our transportation system is an integrated system of public and private users and owners – roadway infrastructure is owned and operated predominantly by the public sector, railroad infrastructure is predominantly privately owned and operated, and marine infrastructure is a mix of public and private ownership and operation. The users of these systems are predominantly private and control where, how and by what modes the cargo moves. No one entity alone is able to improve freight flows on this vast and integrated system – again, it will take the coordinated efforts of both the public and private sector.

Following the highly successful May 2009 conference "Game Changers in the Supply Chain Infrastructure: Are we Ready to Play?" the Department of Commerce concluded a Memorandum of Agreement with the Department of Transportation to work together to advance U.S. supply chain competitiveness and formulation of a national freight policy. Together with strong private sector support, the Departments have conducted successful regional outreach events on freight policy in Atlanta, Chicago, Kansas City and Seattle. The events solicit practical and creative suggestions and solutions to improving transportation system performance from supply chain users, providers and the general public.

The Office of Service Industries' Distribution and Supply Chain Team is currently planning outreach events in New Orleans, LA; New York, NY; and Oakland, CA. The following are excerpts from the summary reports of the completed events:

Southeast Regional Logistics Exchange Atlanta, Georgia, September 17, 2010

The "Southeast Regional Logistics Exchange" conference was held at the Georgia Tech Research Institute. The Department of Commerce's David Long, Director, Office of Service Industries and the Department of Transportation's Tony Furst, Acting Deputy Assistant Secretary for Transportation Policy moderated three panels of key supply chain senior executives and an interactive audience to garner their perspectives on urban freight movement, system performance measures and operational solutions, and existing and future infrastructure constraints, to improving transportation efficiency and competitiveness.

Extremely engaged panelists and attendees provided numerous ideas and suggestions that DOC and DOT could highlight in pursuit of developing a national freight policy, including:

- Coordinate Federal Programs
- The Need To Focus On Corridors
- Incentivize Innovative Models
- Incentivize Collaboration
- Help Solve Information Flows for Cargo
- Viability/Financial Transactions
- Encourage Data Sharing
- Balance Between Corridors And Connectivity
- Need To Get The Public Educated/Involved
- Pay To Play If The Fees Are Plowed Back Into Capacity
- Transportation Is A Public Good As Opposed To Being Paid For By User Fees
- Provide Good Data To The Industry For Their

Decision Making
- Predictability And Reliability Are Key Industry Performance Metrics
- Shippers Want Options
- There Should Be A Freight Focus By The Administration
- Projects Should Involve Public/Private Partnerships

Chicago Region Supply Chain and Competitiveness Exchange

Chicago, Illinois September 22, 2010

The half-day forum, organized by the Council of Supply Chain Management Professionals and the Chicagoland Chamber of Commerce, featured a panel of the Chicago region's top manufacturing, retail, logistics, rail, trucking, real estate, and consulting leaders and civic organizations and academics, as chosen by CSCMP and the Chamber. The event's two panel segments covered national and regional freight movement impediments and their impacts and costs, and user perspectives on system infrastructure constraints, performance measures, and operational solutions. The event attracted over 75 senior supply chain and transport executives from the Chicago region.

As Chicago is the nation's leading freight rail and trucking hub, panelists and audience discussion focused primarily on issues affecting freight movement on the Chicago region's (and the nation's) highway and rail network, and how these can be resolved using existing system infrastructure and expansion of this infrastructure when necessary. Panelists considered performance metrics as a way to identify priority projects to be funded for development and/or expansion. One panelist called the U.S. freight system "profoundly uncompetitive" and a barrier to investment in U.S. facilities. Key points included the following:

- Regulatory and environmental reviews impose substantial delays in infrastructure development, compared to competing nations.
- The regulatory process between project concept and completion must be made shorter and more predictable.
- Inconsistency in trucking weights and sizes, and very slow transportation speeds and increased dwell times due to lack of modal coordination, are key system performance factors.
- Truck weights and sizes must be increased to improve system efficiency and energy use.
- Interstate regulatory consistency on truck weights and sizes and hours of operation must be achieved.
- Tolling, congestion pricing, and user fees should be dedicated to freight system development rather than inclusion in general government funding.
- Highway infrastructure funding needs to be seen as an investment, rather than a cost.
- Appropriate system performance metrics include reliability and predictability, velocity, cost and time of goods movement, and throughput.
- Better utilization of existing assets and empty equipment is needed to reduce dwell time.

Midwest Freight Forum and Peer Exchange

Kansas City, Missouri, February 9, 2011

The Kansas City program organized by the Federal Highway Administration, International Trade Administration and Kansas City SmartPort, Inc., featured a panel of the Midwest region' top retail, logistics, rail and academics as chosen by Kansas City SmartPort Inc., and the International Trade Administration. The event attracted more than 50 supply chain and transport executives from the Midwest region.

Panelist and audience discussion focused primarily on freight movement in the Midwest region and issues affecting rail and trucking corridors and how these issues could be addressed. The panel also discussed the need to develop performance metrics and educate or raise the awareness of the importance of the national freight system to the American economy and its recovery. Key points of the discussion included the following:

- There is a need to develop an effective way to quantify public and private sector benefits.

- Regulatory restrictions and bureaucratic delays on both the federal and state levels impose delays and limit opportunities for improvements.
- Performance measures need to reflect a return on investment approach including public safety, environmental sustainability, travel speed and reliability and terminal dwell time.
- A national freight policy needs to be mode neutral and the federal government needs to focus on developing inter-modal connections.
- The public needs to have a better understanding of supply chains and the impact of freight movement to the national economy.
- There needs to be a better understanding of export and import systems.
- The federal government needs to be creative in financing options
- Focus of TIGER (Transportation Investment Generating Economic Recovery) -like grant programs should be on national significance.

Pacific Northwest Supply Chain and Competitiveness Exchange

Seattle, Washington, February 25, 2011

The Seattle forum, organized by the ports of Seattle, Tacoma, and Portland, brought together representatives from a diverse array of supply chain stakeholders including users, shippers, government officials and academics. Panelists noted that while many in the transportation community aspire to a corridor-based approach to infrastructure development, the eastward flow of freight from the Pacific Northwest through Chicago represents just such a corridor.

While participants offered varying points of view, many themes emerged. Key points included the following:

- The United States' supply chain has been its competitive advantage in the world, and the country is quickly losing that edge.
- There is a critical need for a National Transportation Policy.
- Freight needs a "voice," and needs to be more of a priority in policy and in funding.
- For most businesses, consistency and reliability are more important than speed.
- One of the greatest challenges to economic competitiveness is congestion.
- A strategic and holistic freight policy must include regulatory coordination and stakeholder input.
- The Pacific Northwest is a microcosm of the nation's supply chain issues as the most trade dependent region of the United States.
- Policymakers should not get caught up in arguments about which port gets deepened, and instead focus on what will make the United States more competitive.
- The approval process for projects, often done in a sequential process that moves from agency to agency for each approval, takes years and makes many projects impractical, especially when relying on private financing
- Additionally, projects are funded through annual appropriations, which create uncertainty in project delivery.
- Often regionally significant assets are underfunded by the federal government. This can make a single state responsible for funding projects that benefit an entire region.
- Bottlenecks are often not occurring on major highways, but at rural interchanges managed by municipalities or states.
- The federal government should move to performance-based project selection.
- Ultimately the performance analysis must include metrics, such as average speeds and reliability, which measure the effectiveness of projects in facilitating the flow of goods.
- States and localities must be given the ability to toll highways, not only for revenue but also for demand management.

Commerce Secretary Gary Locke Approves DSCT's Proposal for a Supply Chain Advisory Committee

By: Richard Boll

The International Trade Administration's (ITA) Distribution and Supply Chain Team (DSCT) recently received approval from the Secretary of Commerce, Gary Locke, for the development of a Supply Chain Competitiveness Advisory Committee (SCCAC) to ensure coordination with industry in the development of U.S. Government policies and programs and to increase the international competitiveness of the U.S. supply chain infrastructure.

The new committee will provide the Department of Commerce consensus industry advice and recommendations from representatives of U.S. supply chain infrastructure operators and users actively involved in global trade. In his Rebuilding America's Infrastructure remarks, President Obama stated that "our infrastructure is woefully inefficient and it is outdated." The NEI Report to the President noted that "a globally competitive U.S. supply chain infrastructure is critical to the success of the NEI and to sustained American economic growth." Achieving these goals requires industry input into how to best address the critical competitiveness issues that face our nation's supply chain and develop the U.S. supply chain's infrastructure capacity and operational efficiency. Through the Distribution and Supply Chain Team, the International Trade Administration has been actively engaged with supply chain and logistics experts representing shippers and all modes of transportation.

Commerce Secretary Gary Locke and Transportation Secretary Ray LaHood at the "Game Changers" Conference.

Following the May 2009 conference "Game Changers in the Supply Chain Infrastructure: Are we Ready to Play?" the Department concluded a Memorandum of Agreement with the Department of Transportation to work together to advance U.S. supply chain competitiveness and formulation of a national freight policy. Together with strong private sector support, DSCT has conducted successful regional outreach events on freight policy in Atlanta, Chicago, Kansas City, and Seattle. Through engagement with supply chain and logistics experts, ITA has found that industry support for an advisory committee on supply chain competitiveness is strong.

There is no existing advisory committee with the necessary level of industry knowledge or experience regarding the global competitiveness of the U.S. supply chain infrastructure. Establishment of the SCCAC will fill a need for consensus advice from U.S. supply chain infrastructure operators and users on how best to increase the international competitiveness of the U.S. supply chain infrastructure. The purpose of the SCCAC would be to advise Executive level staff on (1) defining the necessary elements of a comprehensive, holistic national freight infrastructure best able to support U.S. exports; and (2) developing a national freight policy designed to facilitate international freight movement and improve U.S. supply chain competitiveness in the global economy. The SCCAC will include representatives of U.S. supply chain operators and users, including shippers and representatives of all modes of freight transportation (air. maritime. rail, and trucking).

The U.S.-Brazil Sustainable Supply Chain Initiative

By: Joe Holecko

The U.S.-Brazil Sustainable Supply Chain Initiative under the U.S.-Brazil Commercial Dialogue is a bilateral forum to identify and promote the best methods that companies use to source, manufacture, and distribute goods responsibly, minimizing waste and the impact on the environment.

On October 6, 2010, the U.S. and Brazilian governments and the American Chamber of Commerce in Sao Paulo joined leaders from the private sector to host the U.S.-Brazil Sustainable Supply Chain Workshop. Attendees at the São Paulo workshop represented firms in retail, chemicals, cosmetics, and consumer electronics sectors, among others. The participants gathered to highlight innovation and best practices in supply chain sustainability.

One example, a more concentrated fabric softener, yielded savings of 60 percent in materials, 40 percent in water use, and 40 percent in transportation costs.


Panelists at the U.S.- Brazil Sustainable Supply Chain Workshop.

"It is a product of smaller size, with the same performance and lower price," Yuri Feres, a Sustainability Manager with Wal-Mart Brazil said. Another product, a soap made from recycled cooking oil saved the company 20 percent on costs and provided consumers with a lower price.

As more Brazilians move into the middle class and prices on consumer electronics drop, the demand for computers and other devices will grow exponentially, and the challenge of managing the environmental impact will become more complex. This is especially so for products such as cell phones that quickly become obsolete, and in Brazil where as much as 80 percent of garbage ends up in unauthorized dumps, or lixões.

To tackle this problem, Brazil introduced its recycling law, or Plano Nacional de Resíduos Sólidos (PNRS). The PNRS defines the "shared responsibilities" of government, industry, and the public in managing the residual effects of consumer products on the environment.

The plan has raised concern among some in industry who worry about the efficacy of a plan they feel doesn't give consumers the incentive to participate. "We need to promote a shift in consumer culture in order to convince him to [properly] discard the product," said Marc Stanton, senior logistics manager at Dell.

The governments of the United States and Brazil will continue working together to foster increased bilateral trade in distribution and logistics, and to tackle the growing problem of consumer waste in Brazil. A Brazilian delegation representing the public and private sectors will travel to the United States this fall to visit American manufacturing plants on the forefront of best practices in sustainability.

For more information please contact Joe Holecko at 202-482-4783.

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INTERNATIONAL
TRADE
ADMINISTRATION

Manufacturing and Services
Office of Service Industries
1401 Constitution Ave., NW
Washington, DC 20230

T 202-482-3575
F 202-482-2669

www.trade.gov/mas

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