

The Honorable Wilbur Ross
United States Department of Commerce
1410 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Ross:

The COVID-19 pandemic has proven that America's supply chains are vital to our Nation's well-being. The Advisory Committee on Supply Chain Competitiveness (ACSCC) is proud of the extraordinary efforts by supply chains to get crucial goods to health care workers and consumers in time to save lives, help businesses reopen, and start restoring our economy. We also know now that essential changes must be made nationwide to keep America resilient and operating in future pandemics and disruptions.

We recommend that the Department of Commerce partner with private sector and government stakeholders to ensure that the following crucial actions are taken for pandemic recovery and resilience.

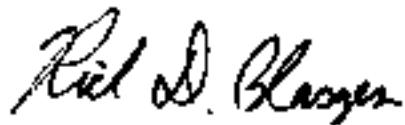
- Identify critical products that, if unavailable, would halt crucial United States production sectors and supply chains, reduce health and safety, and harm national interests and economic security.
- Shift production of these products to the United States and its territories where possible.
- Create domestic incentives that allow U.S.-produced critical products to be competitively priced.
- Prevent disclosure of critical product-related information to U.S. adversaries.
- Develop a voluntary, nationwide port community system and electronic information exchange standard so users can track critical product flows and facilitate distribution and production.
- Expedite infrastructure projects that promote critical product sourcing shifts and production siting.
- Develop expedited approval procedures for imports of critical medical products when needed.
- Identify, coordinate, and maintain supporting services critical to supply chain operations.
- Develop workplace guidelines and standards protecting supply chain employees and employers that provide essential services.
- Invest in developing supply chain career pathways that expand the supply chain workforce.
- Address driver licensing, safety, and travel barriers that obstruct U.S. goods movement.

The attached document describes our recommendations in further detail. It represents the collective effort of our Committee, particularly by our subcommittees on freight movement policy and infrastructure, trade and regulatory affairs, and workforce development.

Our recommendations are designed to support and help you fulfill your economic and pandemic recovery goals. We note that as co-chair of the American Workforce Policy Advisory Board, your May 2020 Call to Action states that "the COVID-19 crisis continues to impact the U.S. economy in unprecedented ways; putting millions out of work, forcing businesses large and small to make drastic cuts, and fundamentally remaking every aspect of U.S. productivity." The Call to Action, which our recommendation reflects, seeks to "help the millions of workers who need assistance now and to build the resilient and agile workforce of the future powered by skilled American workers."

Our Committee asks that you take the lead role in the Administration in making sure that these crucial national changes are made. We stand ready to assist you and the Department in this vital national effort.

Respectfully submitted,



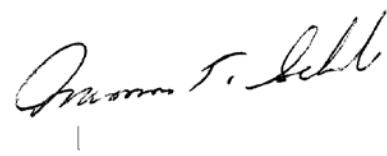
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ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS
COVID-19 PANDEMIC: EXPEDITING UNITED STATES SUPPLY CHAIN RECOVERY, RESILIENCE, AND
COMPETITIVENESS

Recommendations

- The Department of Commerce (the “Department”), in partnership with the private sector and participating agencies, should establish a list of critical products that are essential to the health and safety of American citizens; necessary to the recovery of crucial American supply chain, manufacturing, and production sectors; and vital to the national interests and economic security of the United States. Finished products, parts for critical goods, and raw materials that are needed in the manufacturing of critical goods should all be included.
- To ensure the continued supply of these products and protect against disruptions, the Department, in partnership with the private sector and participating agencies, should identify those critical products on which the United States is heavily dependent on foreign sources, and for which production, in whole or in part, can be shifted back to the United States and its territories. In times of critical needs, the Department could be supportive of U.S. companies, assisting them to pivot quickly in the production of critical product needs.
- The Department, in partnership with the Department of Homeland Security, should identify and apply methods to appropriately classify maps, lists, essential industries and other information on critical goods and their supply chains to prevent disclosure to adversaries of the United States. Additionally, the Department should identify and apply methods to protect confidential business information from disclosure to the public.
- To help promote economic recovery and restore consumer demand, the Department should work with Congress and Administration agencies to implement domestic producer incentives that will allow these critical products to be competitively priced in the United States.
- The Department, in partnership with the private sector and participating agencies, should support the development of a voluntary, nationwide port community system and an electronic information exchange standard for critical product flow tracking that will optimize and improve the resilience of U.S. supply chains, logistics, trade and competitiveness, and that facilitate the production and distribution of products that are critical to the health and safety of American citizens and the security of the United States. This effort should also include a coordinated plan to re-open the supply chain and include all modes of transportation, including intermodal connectivity.
- The Department, in partnership with the Department of Transportation (DOT) and individual states, should identify and help expedite transportation and information infrastructure projects needed to promote critical product production tracking, system analytics and sourcing shifts and facility siting.
- The Department, in partnership with Customs and Border Protection, the Environmental Protection Agency, the Food and Drug Administration, and the Federal Emergency Management Agency (FEMA), and other agencies as appropriate, should identify and coordinate expedited processes to approve the importation of critical medical products. During the COVID-19 crisis,

urgent shipments for FEMA, individual states, and consumers were bogged down for weeks because there lacked recognition for the urgency of these types of products. Interagency cooperation and coordination needs to be enhanced. Determination for what products need a higher level of scrutiny should also be evaluated.

- The Department, in partnership with DOT and individual states, should identify critical services that are needed to keep the supply chain running smoothly. During the COVID-19 crisis, critical services were mostly identified as direct providers and excluded supporting services such as internet providers and repair services. Recognition of critical services was also inconsistent across states and needs to be better coordinated.
- The Department, in partnership with the Department of Labor (Labor), should develop operational workplace guidelines and standards to protect supply chain employees and employers that are providing essential services. Some companies were reluctant to provide services due to fear of illness and/or potential liability issues.
- The Department, in partnership with Labor and other relevant Federal agencies, should invest in the development of supply chain career pathways, including but not limited to highlighting the importance and opportunities of supply chain occupations; funding skills-oriented training programs throughout the country; expanding transportation, logistics, distribution and production/manufacturing apprenticeship programs; and encouraging transferable credentials.
- The Department should work with DOT to remove obstacles to U.S. goods movement, including but not limited to enabling under-21 Commercial Drivers License (CDL) drivers to handle interstate commerce; addressing workplace concerns within the industry; and enhancing “last mile” connectivity options that connect workers with new workplace locations.

Background

The current COVID-19 global pandemic has demonstrated the susceptibility and vulnerability of globalized supply chains to world events, and the catastrophic consequences of global dependence on single nations or world regions for critical product sourcing. The pandemic-caused shutdown of factories in China's crucial Wuhan production center in February 2020, together with the worldwide spread of the disease, resulted in an unprecedented cycle of global demand, supply, and logistics collapse that has had devastating and potentially long-lasting impacts on the world's economies, supply chains, companies, employment, and growth.

The worldwide disruption of the flow of both essential and non-essential products caused by COVID has led global supply chains and their stakeholders to thoroughly re-examine and reorganize their strategies, their operations, their information infrastructure, and their sourcing patterns and reliance. Many organizations have relied solely on a single country, such as China, to make all of the products they need and sell. They are now beginning to explore expanding domestic sourcing, near-sourcing, source diversification, and source duplication to improve their resilience and to reduce their exposure to problems that develop in any one country.

The Committee believes that the Administration must start now to develop policies that support and expedite this process, and that achieve the recovery, restoration, health, and resilience of our supply

chains and our economy. The Department's role in the Administration is to create the conditions for American economic growth and opportunity. Accordingly, the Committee asks the Department to take the Administration lead in this effort, working together with the private sector and with State and Federal partners, through the actions recommended in this report.

Recovery: Domestic Production and Supply Chain Resilience

There has been extensive media and industry discussion of ways to bring product manufacturing back to the United States. This discussion needs to acknowledge that for manufacturers and shippers these sourcing shifts cannot happen overnight, and that not every product is capable of being produced solely or even mostly in the United States or in nearby nations.

The Committee believes that the Administration should now focus on identifying those critical products or product categories that are vital to our Nation's interests, and on working with individual companies to develop strategies to shift portions of that production back to the United States and its territories. The Committee recommends that the Department should take the leading role within the Administration for this effort.

As part of this recommendation, the Committee recommends the following action items.

- *Training and Education*

To restore critical manufacturing capabilities to the U.S. and its territories, a workforce must be trained and developed. Some of the critical product categories that were manufactured in the United States, including Puerto Rico, such as pharmaceuticals, have been gone for years and many of these workers have retired.

For this product category and others to resume production in the United States and its territories, the United States should re-emphasize establish training and education for a new generation of workers. The Department should collaborate with the Departments of Education and Labor to develop education and training programs at vocational training schools and at universities. The training and development programs should be aimed at both production and management functions. This also includes development of programs aimed at the development of information technology, warehouse and distribution leadership.

- *Build Awareness of Supply Chain Job Opportunities*

The pandemic has increased public awareness of the crucial importance of supply chains to U.S. economic health and security. However, many potential job seekers may not know about the options and opportunities within the field. A multi-faceted approach to build awareness can be led by the Department in collaboration with other federal agencies and industry associations during this critical time. Successful examples in trucking include programs aimed at increasing female drivers by Women in Trucking and the *Trucking Moves American Forward* awareness campaign that illustrates the wide range of demographics in the industry.

- *Invest in and Expand Effective Skills-Based Training*

The Department's American Workforce Policy Advisory Board (AWPAB) notes that we "must prioritize support for America's most vulnerable youth, teens, and young-adults to prepare them for their employment future. These include expanding out-of-school community programs that develop essential workplace skills, promote the exploration of multiple career pathways, and create work-based learning opportunities." Effective supply chain programs have been developed for all educational levels and with specific focus on encouraging opportunities for all. Effective programs have been deployed by industry associations, port authorities, economic development and labor agencies, and academic institutions with private partners. These programs, with your encouragement, can be expanded and enhanced.

- *Streamline and Expand Workforce Apprenticeship Programs*

The Department of Labor has already designated eight organizations to help ports, marine manufacturers, supply chain and transportation, distribution and logistics employers and sponsors develop apprenticeship programs.¹ Apprenticeship programs can both be streamlined in process and expanded in application.

- *Removing Supply Chain Workforce Obstacles*

- Age Obstacles: Potential drivers may consider the career while in high school and/or serving in the Nation's military. However, drivers must be 21 or older to handle interstate commerce. Such commerce is crucial to all facets of US logistics. For example, all international containers must be moved by a driver with an interstate CDL even if that container is originating and terminating within the same state as where the port is located. Efforts such as the Federal Motor Carrier Safety Administration pilot program and pending bills can help to greatly expand the pool from an age demographic.
- Workplace Obstacles: Addressing ongoing and new workplace concerns is also critical. Security and safety are crucial to attracting workers. Ongoing concerns about driver safety at parking facilities and customer locations continue to be voiced as a key factor. The shortage of truck parking facilities nationwide has already led to drivers needing to pull to the side of the road for mandatory rest, also leading to potentially unsafe situations for truck drivers and other motorists. During the pandemic, drivers continue to stress the need for adequate access to secure and safe parking, food, fuel and restrooms to undertake their important work.
- Similarly, workplace safety measures at facilities where cargo is produced, picked up, handled, and delivered have grown in importance. Emerging requirements for cleaning, personal protective equipment (PPE) and social distancing are of great concern to potential workers and employers, as well as new business costs.
- Commutation Obstacles: Ensuring commutation options that match residential locations with potential employment locations is critical to attract and retain workers. Transportation, distribution, logistics and production jobs may be in diverse locations that are not easily

accessible by existing transit options. Encouraging implementation of commutation options, along with encouraging the development of new production facilities where commutation options can be advanced through existing transportation and economic development programs.

- *Incentives to Expand Domestic Production of Critical Products*

To help make domestic production and efficient distribution of critical products both feasible and viable, and to help generate demand for these products domestically and internationally, the Department should work with Congress and Administration agencies to design and implement domestic producer incentives, such as tax credits, that will allow these products to be competitively priced in the United States.

- *Redevelopment of Properties to Support Expanded Domestic Production*

New production in many cases will require new facilities and infrastructure. Simultaneously, the growing trend toward e-commerce has been accelerated by the pandemic and will lead to less retail real estate being needed in many communities and in some places engendering blight. Simplifying and speeding redevelopment of such properties for new industrial facilities works in tandem with training and education to transition from one economic base to another.

The Department should develop and promote a precertification program that states would join to identify, qualify and publish information about properties suitable and zoned for new production facilities of various types. This program should be coupled with incentives to mitigate the extra cost of redevelopment and allow states and local agencies to add to the incentives.

- *Electronic Information Exchange Standard for Critical Product Tracking and Location*

One of COVID-19's key lessons is that America's supply chains need an emergency mechanism that can immediately pinpoint the location of crucial supplies – such as ventilators, medicines, and PPE – at the moment they are needed to halt disease outbreaks before they become pandemics, and address regional shortages before they have nationwide impacts. Our national resilience against future disasters must be improved.

For this reason, the Department, working with the private sector and participating agencies, should develop a national electronic information exchange standard that supply chains nationwide can voluntarily use to track and locate such crucial products, and voluntarily share this information in channeled access with trusted partners and government agencies.

The United States is the global leader in information technology. The Department can harness this competitive advantage to work with industry towards creating a "data highway" and a community of innovative companies that focuses on dramatically improving end-to-end supply chain visibility, including emerging technologies that can improve product flow and infrastructure utilization.

- *Recovery: Optimizing Supply Chain Logistics*

To promote pandemic recovery and national logistics, the Department should work with U.S. seaports, the private sector, other participating Federal agencies, and international seaport community system organizations to foster the development of a voluntary nationwide port ecosystem that facilitates cross-stakeholder information sharing, innovative information analytical tools, shipment location awareness, and logistics and manufacturing decision-making. This voluntary system, which could be based on the national standard described above, would use channeled access and permission rights to preserve data integrity among its users and stakeholders.

This recommendation recognizes and aligns with the Department's past work with U.S. seaports and stakeholders to support the development of port community systems as information-sharing technologies that facilitate and expedite U.S. goods movement. It also notes the Department's identification of such systems as a "best practice" for stakeholders to deploy to improve U.S. supply chain competitiveness.

A nationwide supply chain community system will support COVID recovery by optimizing the flow of critical products through U.S. supply chains, and by aligning empty containers, trucking, warehousing, last mile and rail service providers with ocean vessel schedules to reconnect U.S. exporters with their overseas customers and emerging markets. The effect will be to put American workers back to work in the agriculture, forestry products, manufacturing, automotive and tiered supplier sectors, among others.

The Department should further promote the use of a nationwide supply chain community system, with input from industry, by providing seed funds for the development of a common portal and platform that each seaport can use to integrate into a nationwide system. This step would help eliminate the ports' needs to develop their own systems. The U.S. seaport industry would view this Department effort as an objective approach that all could voluntarily embrace.

This concept could also support U.S. aviation industry recovery as a modified version of this platform could similarly be used by the nation's cargo airports. Since the forwarders and logistics companies that manage much of the nation's trade frequently serve both the air and marine markets, supporting both meets U.S. supply chains' recovery needs more comprehensively.

The result of these Department standardization efforts will be the improved competitiveness of American businesses in the global supply chain, and a national capability to identify the movement of products that are critical to U.S. safety and security.

Recovery: Improving U.S. Infrastructure

There has been similarly extensive industry consideration of ways to promote near-sourcing of critical products from nearby countries, to promote U.S. supply chain resilience and further reduce the risk of one-country or one-region sourcing reliance. As companies begin to address reducing risk, they are diversifying their supply chains and looking to shift some sourcing from Asia to North America, including Mexico and Central America.

As more product is pushed to nearshore or reshoring back to the United States, our Nation's transport infrastructure demand will change. Large trade-serving transportation infrastructure projects – such as improvements to air, sea, and land ports of entry and to highway and rail corridors - take years to plan, fund and build. Sourcing shifts will most likely change the priority

locations for infrastructure improvements. It is vital that U.S. policy makers have a clear vision of where these new and enhanced infrastructure needs are, so that our limited funding is placed in locations where it will be most beneficial.

The Department should work closely with the Department of Transportation (DOT), the Army Corps of Engineers, and individual states to develop an infrastructure “roadmap” that identifies and expedites where new transport infrastructure projects should be built in order to facilitate domestic critical product production, sourcing shifts, and facility siting. As part of this effort, the Department should develop an outreach program with manufacturers and shippers, both individually and through trade organizations, to develop detailed knowledge of likely production shifts. The findings of this “roadmap” effort should be incorporated into the selection criteria for various federal competitive grant programs.

The Administration should also consider how to improve U.S. transport infrastructure connections with Mexico, as Mexico will likely be a major benefactor of near-shoring production shifts. These discussions should coordinate with DOT and Customs and Border Protection, to help improve the flow and speed of the export and import process and network access to the ports of entry.