



CRA President and CEO Rachel Michelin Testimony

Assembly Select Committee on Ports & Goods Movement Joint Hearing

Good morning Chairs and members. My name is Rachel Michelin, and I am the President and CEO of the California Retailers Association.

Today, few of us live our lives in a pre-industrial manner – we don't grow our own food, make our own clothes, provide our own medical cures – we all depend on a robust supply chain to ensure we have these products delivered to our communities. This has been even more important during the global pandemic.

But what challenges are businesses facing in terms of our supply chain that grew during COVID-19?

UNCERTAINTY

Business hates uncertainty and COVID has only brought uncertainty throughout the supply chain. The entire logistical system is under stress and, because of the COVID-19 cloud, it is difficult to see the entire picture. Now is the time for all participants in the supply chain to come together and collectively solve these inefficiencies. Our strategy should focus on our future – some day we will move past COVID-19.

EVER CHANGING RULES AND ORDINANCES

Businesses want to be compliant with regulations put forth by elected and appointed leaders, but this has become even more challenging as elected and appointed bodies have passed new regulations in the name of COVID-19. Most striking is these ordinances, in many cases, contradict each other as various regulatory bodies do not communicate with other agencies making it close to impossible for businesses to comply in California's complex regulatory arena.

VACCINE

We know the key to getting California back on track is a quick, efficient, and equitable vaccine roll out, that includes our supply chain partners. California retailers strongly support an effective vaccine plan to safeguard that the supply chain is not disrupted due to COVID-19. California's supply chain is co-dependent – we need every part of the chain strong and healthy to ensure we can compete globally, but that has been challenging as the rules pertaining to COVID-19 vaccines seem to change daily. CRA's Retail Pharmacies stand ready to assist our supply chain partners, should they get access to the vaccine, to ensure those shots are given to our front-line supply chain workers.

These are tough challenges and CRA does not expect the Legislature to deal with it on their own. We want to be active partners in finding solutions that can stabilize California's supply chain now and solidify it for years to come. How do we do that?

1. **Better Communication** – we need to get rid of the silos that we all work within. Business, government and our appointed regulatory bodies need to work together, communicate in good faith and find strategies to achieve environmental and regulatory goals. California policy

leaders have access to some of the brightest minds in the world when it comes to supply chain innovation – they should use that resource by bringing business in, while they are considering regulations, and listen to alternative ideas on how to achieve goals.

2. **Unified Plan for California Supply Chain** – California is the 5th largest economy because of our ports and our supply chain. Take that away and California loses its economic standing. It seems the large impact ports and California's supply chain have is not prioritized by our policy leaders and, instead of providing incentives and opportunities to be more competitive on the world stage, they place obstacles in the way that hamper innovation and put the future of our ports system in jeopardy. We cannot let that happen. We need to do better. Better for our supply chain, better for our economy and more importantly, better for the thousands of California employees who are part of the supply chain network. Let us work together on a strategy that hits environmental targets, ensures employees have access to the vaccine and PPE and focuses on workforce development so that we are ready to take on the logistical challenges of tomorrow.
3. **Value the voice of business in the regulatory process** – Businesses operate in a regulatory climate that is viewed as being against innovation, that is more interested in Green Tape rather than working collaboratively on sustainable solutions. California's logistics sector is essential, which is even more apparent now during COVID-19. We want to work with regulators and move away from a conversation pitting business vs government, and we look to our advocates, our elected leaders in Sacramento, to help facilitate those conversations.

Across the state, the supply chain kept trucking along to ensure not only Californians, but the nation, had food, medications, toilet paper, supplies and other needed items. We need to work together to ensure our goods market remains strong and we do not see an erosion of market share. I am proud of the partnership retailers have with our ports and logistical community and I look forward to our collective work on ensuring our supply chain continues to operate and provide much needed products to Californians and beyond.

Thank you for the opportunity to participate today and please know the California Retailers Association is here to partner with all of you to ensure the goods movement in our state remains a strong global leader.