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The White House And The Ware House

Track 1 Session 1



Supply Chain  **Forward.**

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Abstract

- ▶ **We the people of the Supply Chain are not immune from the change promised by our new administration. This speaker will discuss legislative and regulatory policy issues such as the Employee Free Choice Act, free trade agreements, the stimulus package, climate change, and energy...all of which will have an impact on our mission to store and distribute goods.**

Agenda

- ▶ **Atmosphere in Washington**
- ▶ **Employee Free Choice Act (Card Check)**
- ▶ **Food Safety**
- ▶ **Climate Change/Energy**
- ▶ **Trade**
- ▶ **Other “hot topics”**
- ▶ **Key Takeaways**
- ▶ **Questions**

Atmosphere in Washington

- ▶ **“Change” has arrived**
- ▶ **Election of 2008 resulted in larger majorities for Democrats in both House and Senate**
- ▶ **Rules of House give majority party great power to move legislation**
- ▶ **Senate is more complicated**
- ▶ **Democrats now have 60 in Caucus**
- ▶ **Moderates will be key on major legislation**

Employee Free Choice Act

- ▶ **One of the most hotly debated issues in Washington**
- ▶ **Organized labor's number one priority**
- ▶ **Both sides have invested millions in campaign**
- ▶ **Major provisions:**
 - ◆ **Card Check process**
 - ◆ **Forced binding arbitration**
 - ◆ **Increased penalties for employers**

EFCA Card Check Process

- ▶ **Union organizers attempt to get 50% + 1 of all employees to sign a card**
- ▶ **Upon reaching 50% + 1, cards are presented to National Labor Relations Board (NLRB)**
- ▶ **NLRB must certify the union as the bargaining representative**

Card Check Concerns

- ▶ **Process effectively eliminates secret ballot elections**
- ▶ **Increases risk of coercion and intimidation**
- ▶ **Employers not likely to know of efforts until cards have been signed**
- ▶ **No opportunity for employers to tell their side of the story through campaign**

Forced Binding Arbitration

- ▶ **Collective bargaining must begin within 10 days of union certification.**
- ▶ **If no agreement in 90 days, either party may request mediation**
- ▶ **If no mediation agreement in 30 days, negotiations referred to Federal arbitration board.**
- ▶ **The Federal arbitration board's decision is binding upon both parties for a period of 2 years.**

Forced Arbitration Concerns

- ▶ **Current law requires good faith negotiations**
- ▶ **Employers and unions must mutually agree to terms and conditions and the agreement is subject to approval by employees**
- ▶ **Decision-making power is taken away from workers and employers**
- ▶ **Interest arbitration removes incentive to bargain**
- ▶ **Workers could not vote on the union contract**
- ▶ **Employers would not be able to make business decisions**

Increased Penalties for Employers

- ▶ **Charges of unfair labor practices by employers given priority by NLRB**
- ▶ **Doubles back pay restitution**
- ▶ **\$20,000 civil penalty per violation**
- ▶ **No changes to penalties for violations by unions**

EFCA Status and Prospects

- ▶ **Supported by Obama Administration**
- ▶ **House passage almost certain (over 220 cosponsors)**
- ▶ **Senate is the key (40 co-sponsors, but need to have 60 votes)**
- ▶ **Seating of Franken gets supporters closer to 60, but appears unlikely in current form**
- ▶ **Efforts for a “compromise”**

EFCA Potential Compromises

- ▶ **“Quickie elections”**
- ▶ **Mail-in ballots**
- ▶ **Higher percentage threshold for card check vote**
- ▶ **Greater union access to workplace**

Food Safety

- ▶ **One of few major issues that may move in a bipartisan way**
- ▶ **Multiple bills have been introduced in the House and Senate**
- ▶ **Obama Administration has formed a Food Safety Working Group**

Food Safety – House Action

- ▶ **House Energy and Commerce Committee has approved the Food Safety Enhancement Act of 2009**
- ▶ **Major Provisions:**
 - ◆ **All food facilities must register and pay an annual fee of \$500**
 - ◆ **Aggressive risk-based inspection regime**
 - ◆ **HACCP and food safety plan reporting**
 - ◆ **Traceability requirements**
 - ◆ **Mandatory recall authority**

Food Safety – Senate Action

- ▶ **Most likely vehicle is S. 510 sponsored by Sen. Durbin and has bipartisan cosponsorship**
- ▶ **No committee action to date**
- ▶ **Major provisions:**
 - ◆ **Increased inspections**
 - ◆ **HACCP**
 - ◆ **Traceability**
 - ◆ **Mandatory recall**
 - ◆ **Import requirements**

Food Safety – Administration Action

- ▶ **Pres. Obama formed a Food Safety Working Group led by Secretaries of USDA and HHS**
- ▶ **Group has identified key principles and findings**
 - ◆ **Salmonella**
 - ◆ **E. coli**
 - ◆ **Traceability**
 - ◆ **Restructuring**

Climate Change and Energy

- ▶ **High priority for Obama Administration**
- ▶ **Centerpiece is a “Cap and Trade” system for carbon emissions**
- ▶ **Extremely controversial**
- ▶ **House has passed H.R. 2454, “The American Clean Energy and Security Act of 2009”**
- ▶ **Vote: 219 – 212 (largely along party lines)**

Climate Change and Energy

▶ Major Provisions in House bill:

- ◆ Cap and Trade system
- ◆ Aggressive reductions in carbon emissions
- ◆ Establishes “Renewable Energy Standard”
- ◆ Incentives for renewable energy production and energy efficiency

Climate Change and Energy

- ▶ **Senate working on legislation targeting action in Fall 2009**
- ▶ **Fate is less certain in Senate**
- ▶ **Little to no support from Republicans**
- ▶ **Moderate Democrats from energy producing states hesitant to embrace cap and trade**
- ▶ **Getting to 60 votes could be difficult**

Trade Outlook

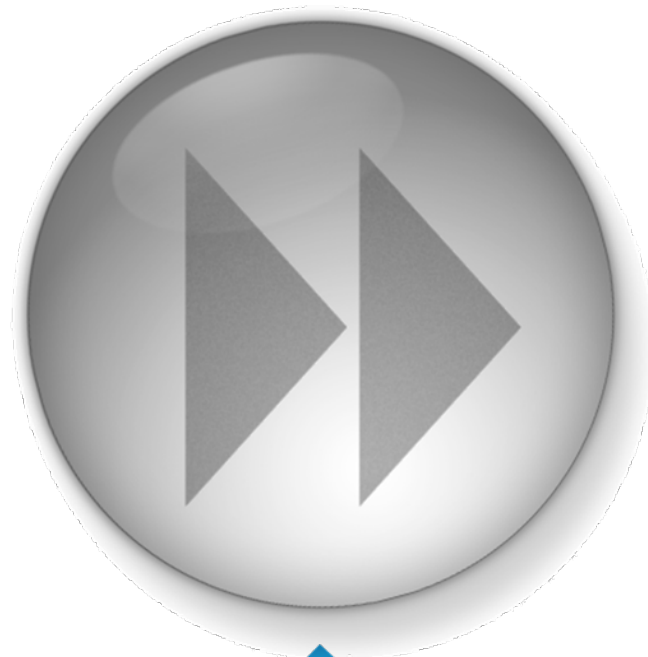
- ▶ **World economic situation impacting trade**
- ▶ **Climate in Washington**
- ▶ **Free Trade Agreements**
 - ◆ **Colombia**
 - ◆ **Korea**
 - ◆ **Panama**
- ▶ **Doha Round**

Other Hot Issues

- ▶ **Stimulus and Economy**
- ▶ **Health Care**
- ▶ **Chemical Facility Security**

Key Takeaways

- ▶ **“Change” will impact our industry**
- ▶ **Industry must remain informed and engaged**
- ▶ **Increased focus on labor issues**
- ▶ **New food safety regime likely**
- ▶ **Climate change and energy debate continues**
- ▶ **Trade opportunities exist, but not high on agenda at this time**



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Questions?