



Submitted Electronically

March 29, 2021

**Global Cold Chain Alliance Comments to the Agricultural Marketing Service:
COVID Stimulus Package and American Rescue Plan**

I am writing on behalf of the Global Cold Chain Alliance (GCCA) to provide comments regarding the grants and loans included in the COVID Stimulus Package and the American Rescue Plan to assist the food industry in responding to coronavirus and strengthening the food supply chain. GCCA represents all major sectors of the cold chain and unites partners to be innovative leaders in the third-party temperature-controlled logistics industry. The cold chain refers to the temperature management of perishable products to maintain quality and safety from the point of slaughter or harvest through the distribution chain to the final consumer. GCCA is committed to forging a universally strong cold chain where every product retains quality and safety through each link. Through its four Core Partners, GCCA serves more than 1,100 companies in 85 countries who serve the food industry by providing third-party, temperature-controlled supply chain services.

Designated an essential industry supporting the nation's critical infrastructure, GCCA and our members have worked tirelessly to ensure that our country and the world has had reliable access to safe and high-quality food throughout this pandemic. The cold chain serves as a crucial link in the supply chain, as our members ensure the food safety, security, and reliable access to over 213 billion pounds of perishable food annually. While parts of the country shut down, GCCA and our members realized the vital role our industry plays for the integrity of the food supply chain and remained open and operating throughout the pandemic in the face of numerous financial hurdles.

The continued operation of temperature-controlled logistics was critical for upstream and downstream operations across the food supply chain. Production facilities depend on our members to provide an outlet for product. For example, meat and poultry processors rely heavily on third-party cold storage. Without the warehousing capacity represented by our members, these processing and production facilities would not be able to maintain their levels of production. Similarly, food retail also relies heavily on food logistics companies to enable the replenishment of inventories for consumers. Halting operations was not an option for our members.

GCCA members experienced, and continue to experience, significant added expenses as they worked to maintain the viability of the food supply chain. While the Paycheck Protection Program provided limited assistance to some of our members, the revenue focused nature of the program does not account for the extraordinary additional

expenses faced by our industry. Access to grants under the Stimulus Package and the American Rescue Plan would provide much needed relief to help our members through this difficult time. We request that grants be made available to food logistics companies to help offset COVID related expenses including:

- **PPE, Cleaning and Worker Protection Technologies:** Worker safety remains a top priority for GCCA and its members. Throughout the pandemic, our members have made significant investments in personal protective equipment (PPE), cleaning and sanitation products and services, and new technologies including air filtration and electrostatic cleaning to protect their workforce.
- **Detention, demurrage and related costs of supply chain disruptions:** Supply chain disruptions caused challenges to the efficient flow of import and export containers. This disruption has caused many of our members to face significant per diem, detention and demurrage charges outside of their control. The disruption in flow of containers also led to added fuel and energy costs to keep refrigerated containers at the proper temperature to preserve food safety and quality while our members waited for the supply chain to move. Supply chain disruptions have also caused increased costs related to critical materials and inputs and led to much longer lead times in procurement.
- **Labor costs:** The pandemic has placed strains on the labor market, causing major costs to our members. Whether it is a lack of childcare or concerns over using mass transit, our members have faced a labor shortage during this pandemic to meet the growing demands. To stay operational, our members have been paying overtime and premium pay rates to those who are healthy and willing to work and in addition many have hired outside labor, which often comes with a hefty price tag.

In addition, shifts in consumption from Foodservice to increased Retail and e-Commerce, stressed supply chains and gridlocked some of the facilities. While labor was tight in some markets, lack of work due to Foodservice shutdown provided excess labor in others. Members that could not shift labor between facilities were forced to keep payroll they might otherwise not keep.

GCCA also encourages USDA to utilize funds from the American Rescue Plan to provide loans to food logistics companies to help strengthen the food supply chain for the future. The financial impacts of the pandemic have placed major constraints on the ability of our members to invest in facility improvements and capacity expansions. Resources were shifted away from capital budgets to address the extraordinary expenses incurred responding to the pandemic. Loans should be made available to provide viable capital options so these companies can strengthen their infrastructure to meet future supply chain needs.

From an eligibility perspective, we believe it is important that grants and loans not be confined to facilities in designated rural areas. GCCA members have facilities in both rural and urban locations. Urban warehouses play a critical role in supporting both food production and manufacturing, as well as distribution to retail and food service. Grants and loans should be available to support food facilities regardless of their urban or rural designation. We believe that the number of employees is an appropriate measure for determining small and mid-sized status under these programs. Companies in our industry with fewer than 500 employees should be eligible for both grants and loans. To the extent possible, we urge the Department to minimize the tax implications of participating in grants and loans under these programs.

Thank you for the opportunity to provide comment. We believe that the funds provided through the COVID Stimulus Package and American Rescue Plan to support loans and grants to strengthen the food supply chain have the potential to provide critical support to our members who have been working hard to maintain the food supply. Please let us know if you have any questions or if we can provide additional information. We also stand ready to help support USDA as it undertakes a review of the food supply chain, as directed under the Supply Chain Executive Order. Please let us know how we can be a resource and support these efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Ott", with a stylized flourish at the end.

Matthew Ott
President & CEO, Global Cold Chain Alliance