Retail Supply Chain Update
May 18, 2020

Will US companies get tax breaks to move production to US from China?

- U.S. lawmakers and officials are crafting proposals to push American companies to move operations or key suppliers out of China that include tax breaks, new rules, and carefully structured subsidies.
- Interviews with a dozen current and former government officials, industry executives and members of Congress show widespread discussions underway - including the idea of a “reshoring fund” originally stocked with $25 billion - to encourage U.S. companies to drastically revamp their relationship with China.
- President Donald Trump has long pledged to bring manufacturing back from overseas, but the recent spread of the coronavirus and related concerns about U.S. medical and food supply chains dependency on China are “turbocharging” new enthusiasm for the idea in the White House.
- On Thursday, Trump signed an executive order that gave a U.S. overseas investment agency new powers to help manufacturers in the United States. The goal, Trump said, is to “produce everything America needs for ourselves and then export to the world, and that includes medicines.”
- A bipartisan bill introduced by Democratic Representative Anna Eschoo and Republican Representative Susan Brooks would commission a panel to recommend ways to cut drug supply reliance on China.

Target

- Target will extend a $2-an-hour temporary pay increase through July 4.
- This is the second time Target has extended the temporary pay increase in recent months. It will also continue other pandemic-related benefits such as 30-day paid leave for high-risk employees who are 65 years or older, pregnant or have underlying health conditions through June 30.

Amazon confirms second case of COVID-19 at a warehouse in Oregon

- The company notified Troutdale, OR employees Sunday and said the infected person was last at the site on Friday.
- Photos that Troutdale employees sent to The Oregonian/OregonLive this week showed employees standing close to one another, frequently without masks.
- Amazon says it has invested “hundreds of millions” of dollars to develop its own capacity to test employees. PDX9 in Troutdale was among the first sites where Amazon began piloting those internal tests last month.
- Troutdale is about 16 miles from Portland, OR.
Conagra to give an additional $7 million in cash bonuses to employees

- The cash bonuses will be paid to eligible employees at each of the company’s 50 production and distribution facilities across the U.S., Mexico and Canada.
- To date, the company has committed more than $13 million in special bonuses for front-line employees.

Publix Super Markets and Meijer are expanding their store hours

- Southeastern grocer Publix said that starting Saturday, May 16, its stores will be open daily from 7 a.m. to 9 p.m., while its pharmacies will return to normal operating hours. Reserved shopping hours for seniors, first responders and health care workers are being discontinued, the company said.
- Going forward, all stores will continue to engage in current COVID-19 safety practices, Publix noted. They include additional cleaning and preventive sanitation before and after store hours, including frequent sanitizing of high-touch surfaces throughout the day; requiring associates to wear face coverings and allowing them to wear disposable, non-latex gloves (where not prohibited by OSHA regulations); plexiglass shields at all registers, pharmacies and customer service counters; promoting contactless pay; and allowing store managers to limit the number of customers in stores.
- Publix said it will also foster the recommended six feet of physical distancing in stores through regular intercom announcements, signage and floor decals, and one-way shopping aisles.
- Publix operates 1,242 stores in Florida, Georgia, Alabama, Tennessee, South Carolina, North Carolina and Virginia.
- Midwestern supercenter retailer Meijer plans to shift to 6 a.m. opening and midnight closings at all stores beginning Friday, May 15.
- Meijer said dedicated shopping times for people age 60 and older and customers with chronic health conditions will continue on Tuesdays and Thursdays at 6 a.m. to 8 a.m., with pharmacies continuing to open at 7 a.m. Reserved shopping times for essential service workers (medical workers, first responders and law enforcement) and Meijer employees will also continue on Mondays and Wednesdays from 6 a.m. to 8 a.m.
- “These extended hours will best serve all our customers and provide more flexibility to shop Meijer stores,” President and CEO Rick Keyes said in a statement. “As communities begin to reopen, it’s more important than ever that we find new ways to adjust and reshape how our customers shop for products they need while keeping their families safe.”
- Meijer operates 248 supercenters and grocery stores in Michigan, Ohio, Indiana, Illinois, Kentucky and Wisconsin.

Rite-Aid partnering with Instacart, but won’t deliver prescriptions

- Rite Aid has partnered with Instacart to offer same-day delivery of groceries and over-the-counter health care products through all of its drugstores.
- Rite Aid said the Instacart rollout will bring home delivery service “during the COVID-19 pandemic and beyond” to the pharmacy retailer’s more than 2,400 stores in 18 states. Rite Aid had recently expanded a pilot with Instacart in the Northwest.
- The Instacart service excludes prescriptions.