

December 16, 2009

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, U.S. Capitol
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
U.S. Senate
S-221, U.S. Capitol
Washington, D.C. 20510

The Honorable John Boehner
Republican Leader
U.S. House of Representatives
H-204, U.S. Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230, U.S. Capitol
Washington, D.C. 20510

Dear Speaker Pelosi and Leaders Reid, Boehner, and McConnell:

As Congress moves forward this year on new legislation to bolster job growth in the United States, we strongly urge you to reject proposals to include new, restrictive “Buy American” provisions, which will undermine, rather than foster, U.S. job growth.

While the “Buy American” sentiment may sound appealing, the reality is quite different. Before embarking on imposing new restrictive provisions, it is vital to recognize that the United States already imposes significant “Buy American” requirements at the federal level that restrict access to our procurement market for countries that have not opened their procurement markets to our exporters, in accordance with the multilateral Government Procurement Agreement. There is no need to expand “Buy American” provisions and doing so will be highly counterproductive particularly for industry sectors hardest hit by the economic crisis.

At a time of significant unemployment, particularly in sectors meant to benefit from infrastructure and stimulus spending – such as construction, construction equipment and manufacturing – any jobs legislation should seek to get money spent quickly and in the most efficient and effective manner without delay. The “Buy American” provisions are antithetical to that objective. In fact, new more restrictive “Buy American” provisions, such as those included in the American Recovery and Reinvestment Act (ARRA), will significantly delay the implementation of job-creating projects and diminish competition and efficiency in the contracting process, with a resultant lowering in the quality and cost-effectiveness of infrastructure improvements. The result will be delayed projects, fewer projects funded, and fewer Americans put back to work.

Inclusion of “Buy American” provisions at the sub-federal level, particularly the municipal level, where water, schools, housing and many other projects are initiated is highly troubling. For example, the vast majority of major inputs into drinking water and wastewater infrastructure projects is already American-made, including pipe and structural steel. This market, however, also depends on incorporating numerous specialized pieces of equipment, a significant portion of which is produced through international production and supply chains with trade agreement partners from whom the federal government can procure, but which new “Buy American” provisions would prevent local governments from using. According to the U.S. EPA, as of November 11, 2009, only \$1.3 billion of the \$6 billion in ARRA funds for the drinking water and wastewater State Revolving Fund programs has been committed, which is largely due to delays, concerns and confusion relating to “Buy American” rules. Despite the waiver process, the end

result of these “Buy American” provisions has been to slow local governments’ ability to fund and start “shovel ready” projects. This is stunting job creation in the \$120 billion water sector as well as other huge sectors of the U.S. economy where ARRA funding was provided.

Such provisions will also create enormous unfunded administrative burdens on local officials not experienced with international trade and customs rules that will further delay procurements going forward, further impeding the swift and effective expenditure of job-creating funds.

Finally, the United States’ adoption of new restrictive “Buy American” provisions will embolden the trade-protectionist policies of our trading partners, making it even more difficult for U.S. enterprises to participate in the major procurements outside the United States, to the detriment of our workers and exporters. The U.S. Chamber of Commerce released a study in September that found the cost of “Buy American” rules in ARRA is substantial, especially as other countries implement mirroring “buy national” policies of their own. If foreign governments lock U.S. companies out of just one percent of their own stimulus spending, the net U.S. job loss could surpass 170,000.

We share your strong interest in promoting strong job growth in the United States and continued economic growth and recovery. We strongly urge you, therefore, to reject the inclusion of new restrictive “Buy American” provisions that will undermine the ability to stimulate the U.S. job growth that is so strongly sought and needed.

Respectfully,

Advanced Medical Technology Association (AdvaMed)
Aerospace Industries Association (AIA)
American Business Conference
American Council of Engineering Companies (ACEC)
Associated Builders and Contractors
Association of Equipment Manufacturers (AEM)
The Associated General Contractors of America (AGC of America)
Business Roundtable (BR)
California Chamber of Commerce
Clean Water Construction Coalition
Coalition of Service Industries (CSI)
Computer & Communications Industry Association (CCIA)
Computing Technology Industry Association (CompTIA)
Consuming Industries Trade Action Coalition (CITAC)
Emergency Committee for American Trade (ECAT)
European-American Business Council (EABC)
Information Technology Industry Council (ITI)
National Association of Foreign Trade Zones (NAFTZ)
National Association of Manufacturers (NAM)
National Association of Pipe Fabricators (NAPF)
National Foreign Trade Council (NFTC)
Organization for International Investment (OFII)
Retail Industry Leaders Association (RILA)
Semiconductor Industry Association (SIA)
TechAmerica
United States Council for International Business (USCIB)
U.S. Chamber of Commerce
Water and Wastewater Equipment Manufacturers Association (WWEMA)