

December 15, 2009

Mr. Everett Eissenstat
Assistant USTR for the Americas
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508
Fax: 202-395-9675

Re: Section 1605 of the American Recovery and Reinvestment Act:
“Buy American” Provisions.

Dear Mr. Eissenstat:

The California Chamber of Commerce is expressing our concern with Section 1605 of the American Recovery and Reinvestment Act, or the “Buy American” provisions, in particular, related to the U.S. – Canadian trade relationship.

The “Buy American” requirements of the Recovery Act are burdensome and confusing to those who are using Recovery Act dollars to invest. The requirements have had the effect of slowing down the utilization of Recovery Act funds and are placing extra risks on businesses presenting unnecessary and unintended barriers to entry to the Recovery Act market, as well as, a restriction on potential employment.

As you may know, the California Chamber of Commerce is a broad-based nonprofit membership organization through which business, industry and agriculture join forces to work toward positive action on key issues that affect California’s economic climate.

The organization, established in 1890, is the largest and most broadly based employer representative in California. Our members include over 15,000 firms of all kinds and sizes, representing three million jobs--one quarter of the state's private sector workforce, as well as 450 affiliated local chambers of commerce and 200 trade associations.

Through its grassroots action program, the California Chamber reaches out to a statewide network of approximately 430,000 small business owners. The California Chamber also offers a variety of services to help businesses comply with complex laws and regulations, as well as, compete in the international marketplace.

The California Chamber supports expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business. The California Chamber of Commerce has supported a number of state and federal trade related programs, but it should be noted that the CalChamber also dissuades the introduction of legislation that is unnecessary, unconstitutional or violates existing trade agreements.

The CalChamber opposes protectionist-oriented legislation that will result in higher prices to the consumer for the specific product protected and in limited choices of products for consumers. Protectionist legislation causes a net loss of jobs in related industries, retaliation by our trading partners, and violates provisions of trade agreements, including those of the World Trade Organization. The CalChamber also opposes legislation that imposes sanctions on businesses that are engaged in trade with foreign countries and/or conflict with federal international policies. The CalChamber supports legislation to allow California companies to compete more effectively in foreign markets, as well as to attract foreign business to California.

It is clear from the Recovery Act conference report language that it was the intent of Congress to ensure that Section 1605 complied with all international agreements and did not impede the initiation of projects. The enactment of this provision is creating consternation with our international trading partners and could lead them to retaliate with their own protectionist measures. Buy American requirements are artificially constraining the supply chain, increasing costs and decreasing efficiency.

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We are particularly concerned regarding the Act's provisions that preclude business opportunities where parts of systems are made internationally. Many large systems have components which are made in the United States, Canada and other countries.

While it is difficult to find the right balance to assure that American workers find and keep jobs, the world today is too integrated in its supply chain, customer base and corporate structures to benefit from this provision. The Canadian and U.S. markets are so closely intertwined. In 2008, two-way trade between the two countries equaled over \$600 billion.

Trade barriers, whether American (Buy American) or Canadian, cost jobs, hurt relationships and are harmful to our economy. The Buy American provision endangers the trade relationships that NAFTA established. We urge the US government to resolve this issue in a mutually-beneficial manner so as to ensure open, secure and predictable access to markets on both sides of the border. Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allan Zaremborg', with a long horizontal flourish extending to the right.

Allan Zaremborg

AZ:STS:alb