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TO THE MEMBERS OF THE UNITED STATES CONGRESS

Do you want to artificially increase the cost of government procurement by restricting competition?

Do you want to add new regulatory burdens on cash-strapped communities and limit access to best technologies and affordable financing?

Do you want to put U.S. manufacturers in legal jeopardy by suppressing their use of highly-integrated supply chains?

Do you want foreign governments to restrict the access of U.S. produced goods and services to their markets?

Do you want to provide protection to a few private interests at the expense of the public?

If your answer is **NO** to these questions, then we urge you to oppose legislation calling for new or more stringent domestic content rules on government-funded infrastructure projects. While some may argue that such protectionist measures are warranted during these challenging economic times, we submit that such policies are inherently flawed and counter-productive to the economic welfare of U.S. producers and consumers alike.

The American Recovery and Reinvestment Act offered a prime example of how such ill-fated policies worked to the detriment of many for the perceived benefit of few. For example, when the stimulus bill was enacted, it contained a Buy American provision placing a new, regulatory burden on thousands of communities eligible to receive federal assistance through the EPA clean water and drinking water state revolving fund (SRF) programs. It proved to be an administrative nightmare, resulting in the postponement of vital water and wastewater projects, limiting competitive technology offerings among suppliers – *even U.S. suppliers* – and increasing overall project costs. Some municipalities even chose to walk away from SRF assistance due to onerous federal red tape associated with its use, undermining the future viability of these critical programs that offer low-cost financing to communities to meet their environmental and public-health needs.

The manufactured goods component of the Buy American provision was particularly troubling, as many of the technologies employed in water and wastewater projects are highly complex, engineering systems utilizing essential components universally sourced. These include the information technology and computer systems essentially needed to operate our public works. U.S. manufacturers were placed in financial and legal jeopardy, having to wade through the maze of confusing requirements to prove that they met the “produced in the U.S.” test, or be subject to a waiver process that was time-consuming, costly and resisted by communities fearing costly legal challenges. Such policies only serve to stifle innovation, as companies shy away from sourcing the best materials of production, regardless of origin.

Another unintended – but real – consequence of such protectionist measures is for other countries to emulate them, creating new barriers to international trade and impeding economic recovery, as was the case during the stimulus program. Any questionable short-term benefit that might be enjoyed by a few industry sectors is over-shadowed by the resulting loss in export business by *all* U.S. companies impacted by foreign trade barriers. We must refrain from raising new barriers to trade in U.S. goods and services and demand equal access to foreign markets. One in three manufacturing jobs depend on it!

The call to use U.S. funds for U.S. jobs is alluring; however, when a domestic industry asks the government to impose trade barriers that would raise the domestic price above the world price, or limit access to more affordable technology options, the choice means trading off jobs in one sector of the economy for jobs in another sector, not creating or losing jobs overall. Public agencies facing higher prices for iron, steel and manufactured goods mean fewer public works being funded and fewer jobs being created.

The Group of 20 leaders pledged in November 2008 to avoid imposing new restrictions on international trade, “underscoring the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty.” We implore you to resist temptation and oppose legislation containing any new or more stringent protectionist measures, such as Buy American, which create regulatory burdens on municipalities and industry, impede technology advancements, and restrict market growth.

**American Concrete Pressure Pipe Association
Associated Equipment Distributors
Association of Equipment Manufacturers
Competitive Enterprise Institute
Emergency Committee for American Trade
National Association of Water Companies
National Foreign Trade Council
National Taxpayers Union
R Street Institute
Reason Foundation
TechAmerica
U.S. Chamber of Commerce
Uni-Bell PVC Pipe Association
United States Council for International Business
Water and Wastewater Equipment Manufacturers Association**