

October 6, 2011

The Honorable John Boehner
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 Nancy Pelosi
Democratic 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 Boehner and Leaders Reid, Pelosi and McConnell:

As companies and associations accounting for millions of employees across the U.S. economy, we strongly share your objective to promote economic recovery and job growth in the United States. To achieve that recovery and job growth, however, we strongly urge against the imposition of onerous new Buy American provisions in the American Jobs Act that are counterproductive to your and our nation's job-growth goals.

The United States has long had robust Buy American provisions that require the use of American manufactured goods for public works projects, except in the case of non-availability of domestic products, an unreasonable cost differential or public interest. These provisions balance our nation's interests in competitive and efficient procurement and economic growth, with providing benefits to domestic producers.

The massive expansion of Buy American requirements proposed in the American Jobs Act is, however, out of step with a balanced U.S. procurement policy and will undermine the United States' ability to grow our exports and our jobs through accessing foreign markets.

The public-procurement markets of our trading partners represent a substantial part of their economies and, therefore, an important growth area for U.S. exports if barriers to U.S. goods and services can be reduced and eventually eliminated. When the United States erects onerous new Buy American barriers to its own procurement market, other countries hide behind our actions as an excuse to keep U.S. goods and services out of their own markets and oftentimes continue to close their markets even more.

There are numerous examples of these damaging "backfires" on U.S. exporters and their workers. The inclusion of the same Buy American provisions in the American Recovery and Reinvestment Act (ARRA) in 2009 led countries in Europe, Asia, Latin America and elsewhere to impose additional restrictions on the purchase of U.S. goods and services. Over the last two years, new procurement restrictions were imposed in Brazil, Canada, China, and Indonesia and elsewhere. In part as a response to the ARRA Buy American expansion, the European Commission has also begun reassessing whether to expand its own procurement barriers, making

the timing of this latest Buy American measure particularly troubling. Given that the EU's procurement market that is open to foreign bidders is nearly 10 times larger than the United States' (\$432 versus \$47 billion), U.S. companies and workers stand to lose much more than they would gain in just this one market by embarking on such a restrictive approach. Similarly, India has proposed restrictive buy local requirements in the telecommunications and information technology sector for government and licensed telecom-service-provider procurement, citing U.S. Buy American provisions as justification.

As a result, ARRA's inclusion of expanded Buy American provisions undermined the job growth potential of that legislation. Some infrastructure projects did not go forward at all, others faced massive delays and still others faced major cost overruns as a result of the Buy American provisions. Based on that experience, the inclusion of the proposed Buy American expansions as part of the Jobs Act would serve only to impose additional costs on the U.S. Government and U.S. taxpayers and slow down infrastructure development and other procurement projects – reducing economic stimulus for the United States and undermining job growth.

At this critical juncture, the United States must lead the world out of protectionism, not into it. The proposed expansions of already robust Buy American laws send the wrong message at the worst possible time to our trading partners around the world and to markets nervous about rising trade barriers.

Respectfully,

American Council of Engineering Companies

Associated Equipment Distributors

Association of Equipment Manufacturers (AEM)

The Associated General Contractors of America

Business Roundtable (BRT)

California Chamber of Commerce

Computer & Communications Industry Association (CCIA)

Consumer Electronics Association (CEA)

Emergency Committee for American Trade (ECAT)

Information Technology Industry Council (ITI)

National Association of Foreign-Trade Zones (NAFTZ)

National Association of Water Companies (NAWC)

National Foreign Trade Council (NFTC)

Organization for International Investment (OFII)

Retail Industry Leaders Association (RILA)

Security Industry Association (SIA)

TechAmerica

Telecommunications Industry Association (TIA)

US - ASEAN Business Council

U.S. Chamber of Commerce

US - China Business Council (USCBC)

U.S. - India Business Council

United States Council for International Business (USCIB)

Water and Wastewater Equipment Manufacturers Association (WWEMA)