

January 22, 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:

The challenges facing the United States economy are far reaching, and we support the Administration's and Congress' efforts to create an economic stimulus package that will help American workers and companies to face them. One issue that we urge you to bear in mind as you prepare this legislation is the vitally important role that international markets play in sustaining U.S. jobs today and the role they will play in economic recovery. Without sales abroad and access to inputs, many U.S. workers would be out of a job. As a consequence, the undersigned associations, representing every major U.S. business sector, urge you to ensure that the economic stimulus package does not include trade-restrictive provisions – including counterproductive expansions of Buy American-type mandates – that would undermine the ability of American companies and workers to export goods and services made in the United States and thereby undercut the goals of this package.

U.S. law already imposes significant Buy American mandates on products purchased by the Federal government, as well as additional mandates for federally funded highway projects. These provisions generally require the use of American products except in specifically defined circumstances. As a result, there is no need to expand these provisions or create new ones.

Moreover, proposals to expand Buy American restrictions would have several major adverse consequences for the United States, U.S. industry and U.S. workers. In particular, the inclusion of such restrictive provisions in the economic stimulus legislation would:

- Undermine America's leadership in the global response to the worldwide financial crisis by turning our backs on the November 15, 2008 G-20 Joint Declaration commitment that *"within the next 12 months, we will refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports."* We believe that any expansion of Buy American-type provisions in the economic stimulus legislation would be counter to that commitment and American leadership thus far.
- Shut U.S. companies and their workers out of the economic stimulus programs being initiated around the world. Inclusion of new trade-restrictive proposals would send precisely the wrong signal to governments around the world that are undertaking their own economic stimulus programs. The list of countries moving forward with their own economic recovery programs – many of whom are major markets for American goods and services – is growing. Already, China, Germany, Great Britain, France, Australia, India and other countries have initiated or are preparing to initiate major new infrastructure and other stimulus projects. If

the United States further restricts access to our market, these other countries will certainly follow our lead, shutting U.S. exporters and their workers out of hundreds of billions of dollars of new business, while propping up their own national champions to the detriment of the United States. At a time when American exports are one of the few bright spots of the U.S. economy and markets are weakening overseas, the U.S. Congress should be taking actions to promote U.S. exports, not undermine them.

- Unnecessarily delay and undermine the economic stimulus goals of this legislation. Current provisions already require that supplies for public use in federally funded highway projects be manufactured in the United States substantially all from articles, material or supplies mined, produced, or manufactured in the United States. With such a huge infrastructure task ahead, adding additional restrictions will only delay the ability of projects to move forward, delay job creation and delay economic recovery.
- Diminish competition and efficiency in the contracting process, which will result in lowering the quality and cost-effectiveness of our infrastructure improvements.
- Violate the United States' international commitments, depending upon the actual proposal. The United States, through its membership in the World Trade Organization Government Procurement Agreement (GPA) and several bilateral and regional trade agreements, has guaranteed non-discriminatory access to the procurement markets of many of our largest trading partners. In return, the United States has agreed to provide non-discriminatory access to our own procurement markets for projects above certain dollar thresholds. The U.S. approach, crafted over successive Democratic and Republican Administrations, preserves many safeguards in our procurement rules for American goods and firms, including Buy American provisions for some projects, as well as small-business preferences. If the United States expands or enacts new Buy American-type provisions that abrogate U.S. GPA or our other trade agreement commitments, the United States and U.S. firms will face retaliatory sanctions in other markets and jeopardize our ability to open other foreign government procurement markets to U.S. goods and services.

We share your strong interest in promoting economic recovery for the United States and its workers and firms through a strong economic stimulus package. For all of the reasons set forth above, we strongly urge you to reject the expansion or creation of new Buy American-type provisions in the stimulus package because such provisions would undermine the economic recovery we all seek.

Respectfully,

Aerospace Industries Association
American Business Conference
American Council of Engineering Companies
Associated Builders and Contractors
The Associated General Contractors of America
The Association of Equipment Manufacturers
Business Roundtable
The Coalition for Government Procurement
Coalition of Service Industries
Emergency Committee for American Trade
The Information Technology Association of America
National Defense Industrial Association
National Foreign Trade Council
United States Council for International Business
U.S. Chamber of Commerce