

February 3, 2009

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

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

Dear Leaders Reid and McConnell:

As businesses and associations representing businesses with major U.S. operations and millions of U.S. employees across all major sectors of the economy, we very much share your strong interest in promoting economic recovery for the United States and its workers through an ambitious economic stimulus package that brings the maximum benefit to the U.S. economy, its companies and workers. To do so, we strongly urge the elimination of provisions in S. 336, the American Recovery and Reinvestment Act of 2009 that would expand already robust Buy American provisions in existing laws. If enacted, these provisions will backfire on the United States. They will harm American workers and companies across the entire U.S. economy, undermine U.S. global engagement and result in mirror-image trade restrictions abroad that would put at risk huge amounts of American exports.

Less than three months ago, the United States led the G20 in pledging that stimulus measures would “refrain from raising new barriers to . . . trade in goods and services.” This pledge recognized that the instinct toward economic protectionism is strong in times of crisis, but that the resulting cascade of isolationist measures would only deepen the crisis and impede recovery. By repudiating not only this recent pledge, but also the spirit and letter of the United States’ obligations in the WTO and numerous bilateral and regional trade agreements, the Buy American provisions of S. 336 would send precisely the wrong signal to international markets and to our trading partners, who themselves are in the process of enacting stimulus packages worth many hundreds of billions of dollars.

Enacting expansive new Buy American restrictions would invite our international partners to exclude American goods and services from hundreds of billions of dollars of opportunities in their stimulus packages and perhaps to adopt Buy-Local rules or raise other barriers to American goods more broadly across their economies. The resulting damage to our export markets and the millions of high-paying American jobs they support would be enormous. Given that millions of American workers directly rely upon U.S. global engagement for their jobs, it is vital for the United States to promote, rather than undermine, global commerce.

The new Buy American provisions of S. 336 are as unnecessary as they are harmful. Existing Buy American laws and regulations already require the use of U.S. goods for federal projects except in specifically defined circumstances that are consistent with our obligations under the World Trade Organization and our bilateral and regional trade agreements. For more than 25 years there has been bipartisan support for these agreements and the balance they strike between the protection of American interests and the benefits we receive from commitments that prevent foreign governments from discriminating against American companies and workers in their purchases of goods and services.

The proposed expansion of Buy American-type provisions also ignores the complexity and global nature of the United States manufacturing sector. To compete successfully in the international economy, most major manufacturers in the United States increasingly rely on global production chains that source from the United States and around the world. Many domestic companies producing goods here in the United States will find it difficult, if not impossible, to comply with the stringent American-only requirements of S. 336 because portions of their content are sourced globally. In essence, these proposals seek to impose a 19th century economic model on a much more modern and international U.S. economy, which will only make the United States, its workers and firms less successful.

Finally, the Buy American provisions of S. 336 contemplate a potential 25-percent increase in the cost of projects at the expense of American taxpayers and with the result of accomplishing substantially less improvement to our national infrastructure. By diminishing competition and efficiency in the contracting process, they would significantly undermine the government's ability to initiate projects in a timely or cost-effective manner. This means less economic stimulus and a reduction in the enduring benefit that we hope to achieve by investing in vital infrastructure improvements.

For all of these reasons, we urge the Senate to ensure these unnecessary and harmful trade-restrictive provisions are not included in the final stimulus package.

Respectfully,

ABB

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Computer & Communications Industry Association
Computing Technology Industry Association
Consumer Electronics Association
Emergency Committee for American Trade
European-American Business Council
Grocery Manufacturers Association
Hong Kong-U.S. Business Council
Information Technology Industry Council

International Wood Product Association
National Association of Foreign-Trade Zones
National Association of Manufacturers
National Defense Industrial Association
National Electronic Distributors Association
National Foreign Trade Council
Ohio Alliance for International Trade
Organization for International Investment
Retail Industry Leaders Association
Securities Industry and Financial Markets Association
Semiconductor Industry Association
Software & Information Industry Association
Technology Association of America (formerly AeA and ITAA)
Technology CEO Council
Telecommunications Industry Association
United States Council for International Business
US-ASEAN Business Council
U.S.-Bahrain Business Council
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