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ETTAC

Environmental Technologies Trade Advisory Committee

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OS EXECUTIVE SECRETARIAT

November 17, 2011

The Honorable John Bryson
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

Dear Secretary Bryson:

Congratulations on becoming the country's 37th Secretary of Commerce. On behalf of the Environmental Technology Trade Advisory Committee (ETTAC) - one of the key committees that report to you as Chair of the Trade Promotion Advisory Committee - we look forward to working with you to advance federal policies and programs to achieve the National Export Initiative (NEI) of doubling exports of U.S. products and services.

It is with that goal in mind that we urge your immediate assistance in opposing protectionist measures which prevent U.S. companies from competing effectively in markets, both domestically and abroad. Specifically, the onerous "Buy American" provision, a recurring provision in a number of legislative proposals. While it might seem counterintuitive, the "Buy American" provision is counterproductive to our nation's job-growth goals and will negatively impact the ability of U.S environmental technology companies for exporting their products and services. While we strongly share in objectives to promote economic recovery and job growth in the United States, our nation must not undertake measures that will undermine the United States' ability to grow its exports and its jobs through accessing foreign markets.

The global environmental technology market is valued at US$690 billion, with US$280 billion being made up from more than 120,000 U.S. businesses that employ in excess of 1.6 million people. The U.S. environmental technologies industry is uniquely positioned to provide solutions to the toughest issues confronting humanity today: climate change, clean energy, global health, waste management, and water supply and sanitation.

However, in an effort to stimulate the economy and create jobs, we have taken a short-sighted approach in imposing "Buy American" policies which have adversely delayed projects, restricted U.S. environmental technology companies with global supply chains from selling in their own domestic market, and instigated retaliation on the part of our foreign trading partners. If we stand any chance of meeting the National Export Initiative (NEI), we must keep foreign markets open and allow U.S. companies to provide the best products and services for the greatest value. The introduction of Section Four of the American Jobs Act (the "Buy American" provision) will not achieve the objective of creating new manufacturing jobs in the United States or promote the competitiveness of U.S. companies; in fact, it will do the opposite.

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. **Given President Obama's pledge at the recent Asian Pacific Economic Cooperation summit to eliminate existing local content requirements by the end of 2012, it is more imperative than ever that the "Buy American" provision be removed from the American Jobs Act of 2011 and any attempt to include it in other legislation be firmly rejected by the Administration.**

We welcome the opportunity to meet with you in person at your earliest convenience to further discuss this pressing matter.

Sincerely,

Kim M. Arnold
Chairman, ETTAC