

**ETTAC**Environmental Technologies Trade Advisory Committee EXECUTIVE SECRETARIAT

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March 1, 2010

Mr. Gary Locke  
Secretary  
U.S. Department of Commerce  
1401 Constitution Avenue, NW  
Washington, D.C. 20230

Dear Secretary Locke:

The Environmental Technologies Trade Advisory Committee (ETTAC), established by the Secretary of Commerce in 1994 by order of the United States Congress to advise and guide policies and procedures of the U.S. Government in order to increase environmental technology exports, urges you to champion the fight against the imposition of restrictive and expansive "Buy American" requirements at the sub-federal level, which has served to undermine U.S. job growth and threatened our ability to export U.S. goods and services.

As chair of the Trade Promotion Coordinating Committee and its Environmental Technology Work Group, you are uniquely positioned to serve as industry's voice in rejecting such protectionist measures that were imposed upon grant, loan and assistance recipients at the state and local level - for the first time - through the American Reinvestment and Recovery Act (ARRA), and that are now being considered as part of the Jobs Bill.

Inclusion of the "Buy American" provision in ARRA has delayed ARRA procurements and impeded the swift and effective expenditure of job-creating funds. The U.S. General Accountability Office just issued a report (GAO-10-383) stating that according to five federal agencies, the "Buy American" provisions had a negative effect on their ability, or their grantees' ability, to select or start Recovery Act projects. Counter to the goal of ARRA to stimulate economic recovery in part by funding current infrastructure construction, imposition of ARRA "Buy American" provisions on such projects has caused unreasonable delays to revise standards and specifications, institute new bidding processes and procurement practices, and potentially choose more costly, less efficient materials and goods.

The U.S. water and wastewater industry has been particularly harmed by this provision, where the vast majority of major inputs are already American-made (including pipe and structural steel), but which depend on incorporating numerous specialized pieces of equipment, a significant portion of which are produced through international production and supply chains with trade agreement partners from whom the federal government can procure, but which the new "Buy American" provisions prevent local governments from using.

Such provisions have created enormous administrative burdens on local officials not familiar with such restrictive trade practices and not protected by international trade agreements. With incorporation of the "Buy American" provisions comes the obligation to provide training and guidance in markets unfamiliar with such restrictions and enforce the requirements. Enforcement practices include due diligence to verify "Buy American" claims, support of substantial transformation analyses, documentation of compliance demonstrating all applicable means of compliance, and expanded audit practices for risk management.

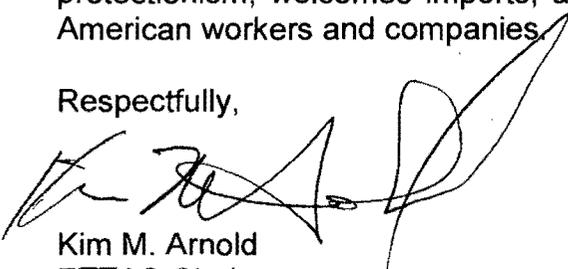
Adoption of new, restrictive "Buy American" provisions at the state and local level, while portrayed to be a short-term solution to aid in our nation's economic recovery, have emboldened the trade-protectionist policies of our trading partners, placing U.S. manufacturers and service providers at risk of being able to participate in major procurements outside the U.S., to the detriment of our workers and exporters. Canada was prepared to take retaliatory measures targeted against specific U.S. companies if our two countries had not found some equitable solution to this trade barrier that the U.S. created.

Preparing the U.S. economy to perform well now and in the future, it is more important than ever to protect the strong fundamental underpinnings of economic growth and raise opportunities for the American people. The U.S. is one of the world's most competitive economies driven by technological innovation and sophistication of business and production processes that successfully translate into productive business activity. Historically, the U.S. matured from an efficiency-based economy built upon a goods markets characterized by low levels of distortion and discriminatory rules on international trade to our current innovation-driven economy. We enjoy an environment of open competition, upon which innovation thrives, across virtually all markets. Discriminatory and interventionist practices such as "Buy American" limit trade, constrain the goods and services markets and technological innovation, and amplify the current economic downturn. In the current economic challenges, we should be mindful of the importance of taking into account the consequences of our present actions on future prosperity and protect the underpinnings of our success.

We urge you to take immediate action to remedy this situation by encouraging President Obama to strongly oppose any Congressional efforts to include "Buy American" provisions in upcoming legislation.

In order to meet President Obama's stated goal of doubling U.S. exports over the next five years, we need to be able to "Sell American" by breaking down barriers to trade, especially those that we are responsible for having created. America needs to exhibit leadership by advancing a trade agenda that avoids protectionism, welcomes imports, and proudly advances the export interests of American workers and companies.

Respectfully,



Kim M. Arnold  
ETTAC Chairman