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ETTACEnvironmental Technologies Trade Advisory Committee

June 15, 2010

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

Dear Secretary Locke;

As chair of the Environmental Technology Trade Advisory Committee (ETTAC), I write to you in advance of the next TPCC meeting to offer our position on a number of key issues that we believe deserve timely consideration and action on the part of the departments and agencies that comprise the TPCC as it pertains to the President's National Export Initiative.

The U.S. Environmental Goods and Services (EGS) Industry is comprised of over 100,000 fundamentally different businesses supporting some 1.6 million jobs. Though difficult to define, the environmental sector represents a significant cross-section of businesses with revenues in excess of \$275 billion and exports nearing \$40 billion.

The EGS Industry was among the United States' shining stars during the Clinton Administration, having doubled its exports as part of that administration's Environmental Technologies Export Strategy. We are confident that we can meet and exceed the Obama Administration's National Export Initiative goal of doubling exports over the next five years. However, there are several issues that could aid or inhibit our ability to effectively compete in the global market which must be addressed, including:

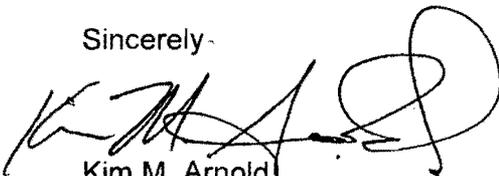
- Buy American Legislation – Inclusion of Buy American provisions in pending energy and water-related legislation will continue to embolden retaliatory actions on the part of our major trading partners, as they did during implementation of ARRA. This language seriously jeopardizes our industry's export potential, and we urge the Administration to actively oppose such protectionist measures. We need to open markets -- not impede trade.
- Improved meaningful metrics –To date, there is not a clearly accepted definition or classification system for climate-friendly or environmentally preferable goods and services used at either the national or multinational level for purposes of trade or other policy measures. Needed is agreement on classifications that include not only environmental goods, but also environmental services and climate-related goods and services including comprehensive climate mitigation technologies and adaptation technologies many of which are in the water sector. At a minimum, the current classification HTS codes used by the US Department of Commerce should be updated to reflect. Capturing these vital exports provides optics into this expanding market of existing and new green technologies and associated green jobs.

- Education – It will be a challenge to achieve our industry's export potential given the looming retirement of "boomer-era" employees and the shrinking pool of engineers and skilled workers. If our nation hopes to maintain its global leadership position, the United States must make science a priority in its education goals, and U.S. companies must have access to the pool of qualified scientists and engineers outside its borders.
- Trade Liberalization – Efforts to accelerate trade liberalization for environmental goods and services have failed to date, and our negotiations have now narrowed on a smaller list of climate-related technologies (renewable energy) at the expense of all other environmental-related technologies. Our industry is inter-related, as are our technologies, as exemplified by the energy-water nexus. As environmental policy has moved toward a more holistic approach toward governing and protecting our natural resources, so must our trade liberalization policy.
- Trade Agreements – Similarly, the USTR can play an equally effective role of driving economic growth in our industry by pursuing free trade agreements with countries closely aligned with U.S. interests, and enforcing environmental obligations under current trade agreements, thus further expanding the markets for U.S. environmental goods and services. We would respectfully suggest a review of World Trade Organization compliance be undertaken with major trading partners.
- Tied Aid – It is appropriate that preference be given to U.S. suppliers in the procurement of goods of services on U.S. AID-funded projects, as is common practice among other developed nations in the use of their foreign assistance funds. At minimum, we should level the playing field by exercising our right to match tied aid offers on a case-by-case basis.
- Life Cycle Cost – Domestically, the U.S. government can promote technology innovation by embracing life-cycle cost procurement practices in place of the initial low-bid mentality that has discouraged innovation by sacrificing value over price.

Finally, having recently participated in a roundtable discussion on Capitol Hill on "Opportunities and Challenges in Trade and Investment in Environmental Goods and Services," hosted by Senators Wyden, Bingaman and Udall, I was concerned by the narrow focus on renewable energy at the expense of all other aspects of the U.S. EGS Industry. We urge you and the other members of the TPCC to not lose focus of the undeniably interconnected relationship of our industry and the need to take a holistic approach when debating the future of our "renewable natural resources."

We remain at your service and are willing to meet with you at any time to further discuss our common goal of increasing exports of U.S. environmental goods and services.

Sincerely-



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