



AMERICANS *for* TAX REFORM

June 8, 2009

To: All Members, U.S. Congress
RE: "Buy American"

Dear Member of Congress,

On behalf of Americans for Tax Reform, I am writing today to express this organization's strong opposition to "Buy American" language contained in H.R. 2454, the "American Clean Energy and Security Act of 2009." **These protectionist measures do nothing but discourage free trade, jeopardize American jobs, and force taxpayers to pay more money for the same goods that could be purchased more cheaply from foreign manufacturers.**

Title I, Subtitle C of the "American Clean Energy and Security Act of 2009" furthers the protectionist drive by stipulating financial aid for automakers. Under this provision, automakers can only receive financial aid if the cars, including the manufacturing plug-ins, and the batteries used to power electric cars, are made in the U.S.

There was similar "Buy American" language in the federal stimulus bill, though due to political pressures language was added ensuring the U.S. still honors its international treaty obligations. However, U.S. cities, and some states are not obligated to follow such rules. Instead, hundreds of municipalities and several state legislatures have passed "Buy American" resolutions instructing state-wide companies to only use American steel. As a result, America's major trading partners are becoming seriously concerned with the inevitable economic damage that will be done by these protectionist provisions.

Canada, who sends 75 percent of its exports to America and owns half of GM and Chrysler, is particularly fearful. Canadian Trade Minister Stockwell Day stated, "If one country starts to build protectionist barriers that hurt businesses in another country, there will be an impulse to retaliate." This retaliation has begun at the municipal level in Canada, as towns and cities have launched boycotts of U.S.-made products in public works projects.

Japan's Prime Minister Taro Aso also spoke out against "Buy America" arguing that "It's clearly against the spirit of the World Trade Organization to say you must use American steel to make bridges." Australia, Brazil, and members of the European Union are also expressing their frustration and stirring up rumors of potential retaliation.

At a time of global economic uncertainty, now is not the time to violate our commitments to the World Trade Organization and offend our key trading allies. The almost certain retaliation by foreign countries implementing their own protectionist legislation would halt US exports and hurt the very same workers and businesses this "Buy American" provisions are attempting to benefit. Protectionism only worsened the Great Depression in the 1930s and will not give the U.S. any sort of economic reprieve in these hard times. **Americans for Tax Reform urges you to oppose all "Buy American" language in H.R. 2454, as well as any future spending bills.**

Onward,

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