



EXPANDING OUR TRANSPORTATION SYSTEM AND INFRASTRUCTURE WITH U.S. MANUFACTURED GOODS

With enactment of the economic recovery legislation, the nation is now embarking on a massive initiative to rebuild and expand our transportation system and infrastructure and create millions of jobs in a failing economy. This major investment in America's failing infrastructure also presents a historic opportunity to embrace strong Buy America policies that will grow and sustain domestic manufacturing and the millions of jobs it supports.

A strong transportation system and a strong U.S. manufacturing base are intrinsically linked. It is good economic policy to allocate massive public investments for the nation's infrastructure and to do so with the use of U.S. steel, iron, concrete, and manufactured goods and equipment. Equally important, our domestic manufacturing capability must be ready to produce locomotives, rail cars, passenger buses, and other finished products that our private and public transportation employers will be purchasing in the next few years. It makes no sense, for example, to invest billions in transit systems, Amtrak and an expanded high speed rail network without also ensuring the locomotives, rail cars and buses are built in America with domestically produced equipment. Strong Buy America requirements, and strict enforcement of the rules, are a prerequisite for a robust domestic manufacturing industry, and transportation labor will insist that these requirements are followed in all transportation investment programs.

Already, statutes governing various modal agencies within the Department of Transportation include Buy America provisions to ensure, to the extent possible, taxpayer funds are used to procure products made by U.S. workers. These statutes need to be improved to tighten waiver provisions and to provide accountability when awarding waivers of the Buy America requirement by posting all waiver requests online upon receipt and by publishing in the *Federal Register* a reasoned justification after a waiver has been granted. Waivers should be granted sparingly and only when truly warranted under the most narrow application. Federally funded projects should not be segmented by state or local governments to avoid the Buy America requirement, domestic products that could substitute should be considered before granting any waiver, and strict domestic content requirements must be applied.

The recent inclusion of Buy America provisions in the American Recovery and Reinvestment Act of 2009 (H.R. 1) build upon and expand existing federal law. Charges from opponents that Buy America preferences could lead to a trade war are disingenuous. Buy America provisions have been part of U.S. procurement policy for more than 70 years without provoking trade wars or global economic downturns.

Most governments around the world promote the use of their domestic manufacturers when spending public funds for procurement purposes and for public works projects. While some countries, including the United States, have agreed to open their markets to foreign goods in the area of federal procurement under the WTO Government Procurement Agreement (GPA), signatories have carved out

exceptions, and most countries — like China and Russia — have not undertaken any obligations under GPA. The United States expressly exempted federal grants to state and local governments for highway, mass transit and airport projects from its GPA obligations. Most other signatories to the GPA excluded significant sectors of their economies from coverage as well. For instance, countries in the European Union excluded all federal and sub-federal transportation, telecommunications, and energy contracts. So it is hardly a revolutionary idea for the United States government to use taxpayer dollars to support U.S. jobs and companies and their communities when investing in our transportation network. Yet even the Department of Homeland Security during the Bush Administration defied its own procurement rules and used Chinese steel products to build portions of the 854-mile border fence along the U.S.-Mexico border. And our Federal Highway Administration granted waivers when in fact there were substitutable domestic products available. Loose interpretations and the outright misuse of waivers must end.

Transportation labor is committed to working with the President and Congress to rebuild America's transportation infrastructure. As part of that effort we will urge policy leaders to strictly apply Buy America requirements, including those enacted in the American Recovery and Reinvestment Act of 2009, to ensure taxpayer dollars spent on transportation projects will be used to purchase U.S.-made materials, manufactured goods, and equipment for use in those projects to create jobs and help restore our declining U.S. manufacturing base. A robust manufacturing economy is an integral part of creating a safe, secure, and strong transportation network and transportation labor will insist that strong Buy America requirements are applied to all programs that invest federal resources in our transportation system and equipment.

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