

Wednesday, July 15, 2009 3:38 PM

## Foreign Companies Still Fear 'Buy America'

By Sara Jerome

Some foreign-owned companies who thought the worst was over after this winter's "Buy American" debate were taken aback in recent months as they began applying for stimulus dollars: they discovered the agencies doling out grants and contracts sometimes specify that "foreign entities" need not apply, even though the [American Recovery and Reinvestment Act](#) doesn't itself exclude foreign-owned companies.

In most cases, reading the fine print rouses sighs of relief at foreign-owned companies. Those setting their sights on National Institute of Health grants, for instance, are pleased to learn that although the organization bars "foreign institutions" from applying for certain funds, NIH defines companies located in the United States that employ Americans as "domestic organizations" even if they're foreign-owned.



Nevertheless, eyebrows shot up when Department of Energy projects funded by stimulus dollars stuck to a broader definition of "foreign entity." This definition included firms "directly or indirectly owned or controlled by a foreign company or government," restricting such companies as Bosch, Saint-Gobain, Royal Philips Electronics, and BASF from acting as the lead organization on certain stimulus-funded Energy projects.

If the definition lost these companies an opportunity, it gained them an extra pair of eyes: **Nancy McLernon**, the president and CEO of the Organization for International Investment, who is now on watch for other agency stipulations that limit foreign-owned companies from applying for stimulus funds.

"We want to make sure it doesn't build into a trend," she said.

(Photo of Nancy McLernon provided by OFII)

She said as much to Secretary of Energy **Steven Chu** [in a May 26 letter](#) advocating for an amendment to Energy's rules. Issuing the letter on behalf of the dozens of member companies OFII lobbies for and represents, she warned that such stipulations would ultimately hurt American workers.

And though Chu never responded, it did highlight the brand of advocacy she believes works best for foreign-owned companies: rather than invoking the philosophical bases for free trade or trying to push complaints to the World Trade Organization, McLernon emphasizes how international companies benefit to the American economy.

"It's not about the international obligations," she said. "It's about disadvantages to the Americans that work for these companies."

Academics also raise concerns.

According to George Washington University professor **Michael Moore**, an international trade expert, small, isolated instances of government agencies restricting grants or contracts are unlikely to greatly distort the market. But if "you bundle a bunch of cases together" then policies could amount to a harmful impact on trade.

"The more instances where there's a potential problem--the more money that is affected--the more likely you'll have complaints," he said.