



ORGANIZATION FOR INTERNATIONAL INVESTMENT
INTERNATIONAL BUSINESS INVESTING IN AMERICA

July 29, 2009

The Honorable David Obey
Chairman
House Appropriations
2314 Rayburn House Office Building
Washington, DC 20515

The Honorable Jerry Lewis
Ranking Member
House Appropriations
2112 Rayburn House Office Building
Washington, DC 20515

The Honorable Ed Pastor
Vice Chairman
House Appropriations Subcommittee on
Energy & Water Development
2465 Rayburn House Office Building
Washington, DC 20515

The Honorable Rodney Frelinghuysen
Ranking Member
House Appropriations Subcommittee on
Energy & Water Development
2442 Rayburn House Office Building
Washington, DC 20515

Re: Opposition to Sec. 504 in H.R. 3183 Relating to Prohibitions on Purchases of Passenger Vehicles Funded In the Act

****UPDATED****

Dear Sirs:

I am writing to express strong opposition to Sec 504 of H.R.3183 “Energy and Water Development and Related Agencies Appropriations Act, 2010,” which prohibits funds in the Act from being used to purchase any passenger vehicles unless they are manufactured by “Ford, General Motors, or Chrysler.” Currently, no other law exists prohibiting the U.S. government from purchasing vehicles from other manufacturers, including those vehicles produced by American workers at the U.S. plants of international automakers. Under this provision, the U.S. government would be permitted to purchase a vehicle made by Ford in Mexico but not a Honda made by Americans in Ohio. Enacting such overt discrimination into law would disadvantage thousands of American workers, invite retaliation from other governments and prolong U.S. economic recovery. We respectfully urge you to oppose the inclusion of this provision in the final bill.

The Organization for International Investment (OFII) represents over 150 U.S. subsidiaries of companies headquartered abroad, or *Insourcing* companies. Over 5 million Americans nationwide work directly for *Insourcing* businesses, which pay \$364 billion in annual U.S. payroll. *Insourcing* companies account for almost 14 percent of total U.S. R&D spending, manufacture 19 percent of U.S. exports and pay 14 percent of corporate taxes. OFII advocates for the fair, non-discriminatory treatment of U.S. subsidiaries with the goal of encouraging international companies to conduct more business and employ more Americans within our borders.

Insourcing automakers directly employ over 90,000 Americans – 26.1 percent of all Americans working in the U.S. motor vehicle industry – in auto plants and facilities across the country. They also contribute significantly to the U.S. economy through indirect economic activities, including purchasing from domestic suppliers. This provision would disadvantage these U.S.-incorporated companies relative to other domestic companies. Not only would this provision undermine Americans who work for these companies, it sends an unwelcome signal to other *Insourcing* companies seeking a level playing field for their investments and therefore threatens future U.S. job creation.

In March, President Obama urged all nations to “avoid steps that could result in protectionism that would further contract global trade.” And he has pledged his Administration will “strengthen the U.S. economy... in a way that actually over time will enhance the ability of trading partners....to work within our boundaries.” Other government leaders have made similar pledges and a March communiqué from G-20 Finance Ministers includes a commitment to “fight all forms of protectionism and maintain open trade and investment.”

Recent retaliatory actions taken by Canada and Mexico in response to “Buy American” provisions in the U.S. stimulus package and a U.S. restriction on Mexican trucking, respectively, demonstrate the risk of isolationist economic policies. A U.S. prohibition on purchases of passenger vehicles made in America by non-U.S. companies would invite similar retaliations from other governments.

As the largest recipient of foreign direct investment from abroad and the home country of the world’s most globally active companies, the United States has a keen interest in avoiding discrimination and maintaining an open investment climate. In 2008 foreign direct investment into the United States reached a record \$319 billion, up from \$275 billion in 2007. The free flow of cross-border capital is a critical element to keeping America competitive and encouraging the growth needed to return the United States to a position of economic strength.

OFII and our members fully support policies that promote the advancement of American workers and seek to stimulate economic recovery here at home. We urge you to strike this provision from the final version of the FY10 Energy and Water Appropriations Act because we firmly believe it will undermine these critically important goals.

Sincerely,



Nancy McLernon
President & CEO

cc: Senate Appropriations, Chair and Ranking Member
Senate Appropriations Subcommittee on Energy & Water Development, Chair and
Ranking Member
Majority Leader
Speaker of the House