

Air-Conditioning, Heating, and Refrigeration Institute
Associated Equipment Distributors
Associated General Contractors, New York State
Association of Equipment Manufacturers
Association of Global Automakers, Inc.
Buffalo Niagara Partnership
Computer & Communications Industry Association
Computing Technology Industry Association (CompTIA)
Consumer Technology Association
CTIA
Equipment Dealers Association
Greater Binghamton Chamber of Commerce
Information Technology Alliance for the Public Sector
Information Technology Industry Council
Medical Imaging and Technology Alliance
MedTech
National Foreign Trade Council
New York State Chemistry Council
New York State Economic Development Council
Niagara USA Chamber
North Country Chamber of Commerce
Organization for International Investment
Power Tool Institute
Security Industry Association
Semiconductor Industry Association
TechNet
Telecommunications Industry Association
Trans-Atlantic Business Council
Truck and Engine Manufacturers Association
Unshackle Upstate

February 16, 2017

Dear Governor Cuomo, Senators, and Assembly Members:

As organizations representing companies across industries and whose member companies collectively employ more than a million New York workers, we are interested in promoting fair cross-border trade and investment policies and working with government to create a competitive business environment. As such, we respectfully urge legislators to strike any forced localization policies, or the so-called “Buy American” provisions, from the state’s final FY 2018 Budget.

Forced localization requirements undermine manufacturing in the state and limit the ability of New York-based companies to succeed and compete in the global economy. Localization requirements would increase costs for taxpayers and affect hundreds of thousands of New York workers whose jobs rely on the global economy. These proposals would also place an unrealistic administrative burden on procurement officials and create webs of complexity for bidders.

The “Buy American” policy in the FY 18 Executive Budget would substantially alter longstanding state procurement requirements. All state agencies, public universities and colleges, and an array of state, regional, and local purchasing authorities could only buy products that are manufactured domestically, and only if at least 60 percent of the final product’s components and subcomponents (by cost) are also manufactured in the United States. No other U.S. state has ever sought to cast such a wide web affecting billions of dollars in annual purchases and thousands of contracts.

This policy approach directly undermines thousands of small businesses and large employers that rely on cross-border supply chains to compete in today’s global economy and provide goods at competitive prices for customers. Small businesses would face the highest burden under the proposed Buy American approach because they are less capable of reinventing their supply chain and manufacturing networks while ensuring customer satisfaction at competitive prices.

To the state’s credit, it has committed billions of dollars and initiated targeted efforts to modernize its infrastructure networks and build the next generation of global industries throughout the state – like nanotechnology, semiconductors, biotechnology, photonics, and life sciences. Each of these industries relies on global connectivity to attract investment and build products that can be sold to customers worldwide. Policies that discriminate against globally-connected businesses would hurt the very sectors most important to the long-term health of New York’s economy.

Furthermore, enacting this policy would impose new administrative and compliance burdens for state administrators and bidders alike. For instance, it is unclear how procurement officials will enforce and track these standards without a massive monetary appropriation. Businesses would also face the daunting prospect of certifying product point-of-origin down to the subcomponent level. In the end, these requirements would reduce efficiencies in public procurement and create delays in securing necessary products and services. Increased compliance costs will divert companies’ resources from core functions that produce positive economic benefits, such as innovation, expansion, or improved pay for workers.

Ultimately, this proposal would impose domestic content requirements that are difficult (if not impossible) to meet across many industries, eroding marketplace competition. Decreased competition would hurt New York taxpayers as project costs increase and the quality of goods may diminish. In addition, the proposal would go into effect on January 1, 2018, and does not include a cost and products availability analysis. Therefore, the additional costs of this mandate are unknown and not factored into the State Capital Plan.

While the concept of “Buy American” may sound well-intended, this measure would have unwanted impacts on large and small New York employers alike, undermining the very outcomes the budget hopes to achieve in spurring economic development. There is no guarantee that forced localization policies will lead to local job creation. The employers we represent fear the reverse will happen, damaging New York’s reputation as a state ready to compete in the 21st Century economy.

We appreciate your attention to this important matter, and thank you for consideration of our requests.

Sincerely,

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