MEMORANDUM
March 25, 2016

TO: NYS Senate
FROM: Brian T. McMahon
RE: A.9005-B, Part M (Budget) regarding “Buy America” requirements

The New York State Economic Development Council (NYSEDC), represents local, regional, and statewide economic development organizations, as well as private sector businesses that provide services to local projects, opposes the above-referenced legislation, which would require all projects funded with proceeds from the Dedicated Infrastructure Investment Fund to insure that “all of the iron, steel, and manufactured goods that are permanently incorporated into the project are produced in the United States.”

NYSEDC members work every day to encourage investment in their communities by foreign companies. These efforts have resulted in the investment by countless companies including:

- Alpina Foods (Columbia) 50 jobs, $15MM investment;
- GLOBALFOUNDRIES (Abu Dhabi) 2,400 jobs, $10 B investment;
- Barilla Pasta (Italy) 125 jobs, $100MM investment;
- Muller Quaker Dairy (Germany) 186 jobs, $200MM investment;
- ORAFOL (Germany) 50 jobs, $45MM investment;
- Alpina Foods (Columbia) 50 jobs, $15MM investment;
- Barilla Pasta (Italy) 125 jobs, $100MM investment;
- Alstom (France) 450 jobs; $50 million investment;
- Muller Quaker Dairy (Germany) 186 jobs, $200MM investment;
- ORAFOL (Germany) 50 jobs, $45MM investment;
- Welded Tube (Canada) 121 jobs, $48.3 MM investment;
- Greenpac Mill (Canada) 108 job, $430 MM investment;
- Trophy Foods (Canada) 40 jobs, $4.6 MM investment;
- Fortitech (Netherlands) 200 jobs, $634 MM investment (Purchase)
Importantly, New York is well positioned to leverage international outreach by regional economic development organizations. The state ranks third among all states in exports and inbound FDI. FDI jobs account for 5.5 percent of private sector jobs in the typical metropolitan area, according to the Brookings Institution. And, according to the Organization for International Investment:

- 410,500 workers are employed by insourcing companies in New York State.
- This represents 5.7 percent of NY’s private sector workforce.
- 15.6 percent – or 64,200 insourcing jobs are in manufacturing.

Foreign-based businesses rely on carefully managed cross-border supply chains that support local manufacturing to ensure efficiency, reduce costs for consumers, and maximize business productivity. These decisions are undertaken by both large and small businesses across industries in order to compete successfully in today’s global economy.

Buy America proposals would restrict many of these businesses from bidding on government contracts, positioning New York as a far less competitive marketplace for firms looking to support state contracts. The result would be reduced marketplace competition and increases in project costs by 25 percent, which New York taxpayers will be forced to pay. Furthermore, the purchased goods’ quality may diminish as the most qualified bidders could be precluded from competing.

Finally, closing competition for state infrastructure projects to foreign-made products will ultimately result in other countries or regions in countries, enacting similarly restrictive procurement requirements, thereby precluding New York businesses from participating in these markets.

Consequently, NYSEDC believes this proposal would harm New York’s competitive position in today’s 21st Century global economy and result in the creation of fewer private sector jobs.

We respectfully urge the Senate to reject this proposal.