

UPDATE 2-Congress agrees on "strong" Buy American plan

(Recasts, adds details on [trade](#) adjustment assistance)

WASHINGTON, Feb 12 - Congressional negotiators have agreed on a final Buy American provision as part of a \$789 billion economic stimulus bill that requires public works projects funded by the [plan](#) to use only [U.S.-made goods](#), including iron and [steel](#), a lobbyist said on Thursday.

The final provision also includes language that requires the [United States](#) to implement the provision consistent with its [trade](#) commitments, said Scott Paul, executive director of the American Alliance for Manufacturing, whose members include major [U.S. steel](#) companies.

"It's a strong Buy American provision that's consistent with our [international trade](#) obligations and it will ensure the benefits of the economic [recovery](#) legislation will be seen in our [manufacturing](#) sector," Paul said, adding he received details on the provision from congressional aides.

The language requiring the [United States](#) to honor its [trade](#) pacts gives [Canada](#), the [European Union](#), [Japan](#) and a short [list](#) of other trading partners some comfort they would still be able to share in the expanded [U.S.](#) public works [market](#) created by the stimulus bill.

But many other countries such as [China](#), [India](#), [Brazil](#) and [Russia](#), which are not members of an international [government](#) procurement agreement, could still be shut out.

The stimulus package includes about \$48 billion in transportation projects, roughly \$30 billion in infrastructure improvements and additional other spending that could be covered by the Buy American provisions.

Both the original House of Representatives and Senate bills targeted work on airports, bridges, canals, dams, dikes, pipelines, railroads, multiline mass transit systems, roads, tunnels, harbors and piers for the Buy American requirement.

As of Thursday evening, congressional appropriations committees with jurisdiction over the Buy American provision still had not released details of the final version.

But [White House](#) spokesman Robert Gibbs said congressional negotiators had struck the right balance, after President [Barack Obama](#) urged them last week not to include any provision that could trigger a [trade](#) war.

"I think where we ended up with the Buy [America](#) provision is the right compromise that respects the Buy [America](#) laws that we've had on our books for many, many years while also ensuring that the language doesn't create unnecessary [trade](#) disagreements in a time of [economic crisis](#)," Gibbs told reporters aboard Air Force One.

DISAGREEMENT ON PROVISION

U.S. steel companies and many small manufacturers experiencing a huge slump in demand due to the recession have pushed for a strong Buy American provision to create jobs.

Other business groups, including the U.S. Chamber of Commerce, the Business Roundtable and the Emergency Committee for American Trade, argued the measure would increase the cost of stimulus projects and encourage other countries to take protectionist actions against American goods.

Both the House and Senate bills contained language allowing the Buy American provision to be waived in cases where it is deemed inconsistent with the public interest, U.S. supplies are not available or it would increase costs more than 25 percent.

The final provision also allows a general waiver for products not made in the United States, instead of having to get an individual waiver for each project, Paul said.

The stimulus bill also includes a major expansion of training and extended unemployment benefits for U.S. workers who have lost their jobs because of trade, according to a bill summary released by the Senate Finance Committee and the House Ways and Means Committee.

It extends the "trade adjustment assistance" program to displaced service industry workers for the first time and increases training funds available to states by 160 percent to \$575 million per year. Traditionally, only manufacturing workers have been eligible for the aid.

Business groups hope the reforms will help set the stage for consideration of free trade pacts with Colombia, Panama and South Korea that have been long stalled in Congress.