



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

734 15th Street NW, Suite 900
Washington, DC 20005
Tel 202.223.7800
Fax 202.223.4745
www.iedconline.org

July 9, 2009

The Honorable Max Baucus
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

Re: Trade Agreement Parity Initiative

Dear Mr. Chairman:

We appreciate your invaluable support for economic development, for which we bestowed upon you the IEDC Federal Leadership in Economic Development Award. The International Economic Development Council (IEDC) is the world's largest professional association for economic development. As President & CEO, on behalf of our 4,400+ members, we are asking you to support inclusion of Trade Agreement Parity ("TAP") as part of the forthcoming Customs Reauthorization Bill currently under development in the Senate Finance Committee.

TAP responds to the urgent need for a new program to create and preserve American manufacturing jobs in a global economy. A study from respected economists estimates that passage of TAP will create 95,000 U.S. manufacturing jobs with an estimated wage gain of \$6.1 billion. TAP will benefit companies that participate in the world economy through global sourcing of components and raw materials. As manufacturing firms assess their ability to compete or profit, they will make determinations about how to cut costs while retaining the value of their products. Chief among these are decisions about whether to relocate for cost savings or other benefits offered by a receiving community or, in this case, country. The program will allow global sourcing on the same basis as companies located in free trade agreement countries that enjoy duty-free access to the United States market. It will place U.S. manufacturing companies in an equal position with their competitors in countries that have free trade agreements with the U.S., as well as make communities more attractive as a destination for investment.

Currently, U.S. manufacturers that source globally cannot obtain trade agreement duty preferences for all their components when they manufacture in the U.S. Yet, if they move their facility to a free trade agreement country, they can receive duty-free access to the U.S. for all their components, wherever sourced. Hence, a plant in a free trade agreement country using and manufacturing identical parts, components or products to a U.S. factory will sell their products to

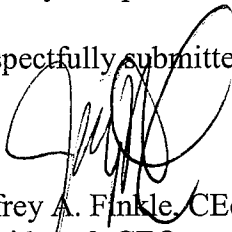
The Power of Knowledge and Leadership

U.S. customers free of U.S. duty, while the identical plant in the U.S. will be subject to U.S. duties on non-free trade agreement parts.

The opportunity to rectify this impediment to U.S. manufacturing was missed last year, as TAP was introduced under H.R. 6415. Now the national unemployment rate is swiftly approaching double-digits, and thirteen states already have unemployment rates above 10%. With the economic downturn impacting the nation's communities so severely, now is an opportune time to support TAP.

Including TAP in the forthcoming Customs Reauthorization Bill would extend a U.S. free trade agreement with U.S. workers to ensure that U.S. production facilities are not inadvertently disadvantaged by tariff policy, as well as support job retention and further progress towards economic recovery. Please help us take this important step to help US-based manufacturers be globally competitive while promoting U.S. jobs, investments and innovation.

Respectfully submitted,



Jeffrey A. Finkle, CEcD
President & CEO
International Economic Development Council

cc: Senate Finance Committee
Charles E. Grassley (R-IA), Ranking Member
Fax to: (202) 228-0554