

PUBLIC CONSULTATION ON EU-US HIGH LEVEL WORKING GROUP ON JOBS AND GROWTH**ALSTOM CONTRIBUTION**

First, Alstom supports the establishment of the High Level Working Group on Transatlantic Jobs and Growth that was set at the last US-EU Summit in November 2011. Alstom also welcomes the consultation launched by DG Trade on this high level working group, to gather stakeholders' comments and objectives.

Two key priorities have been identified by Alstom in the objective of increasing EU-US trade and investment:

- 1. Regulatory cooperation in new technologies**
- 2. Public procurement and high US local content requirements**

1. Regulatory cooperation in new technologies

On the offensive side, the EU-US should exercise yet more leadership in **establishing common standards** for new technologies. It is specifically important in the fields of low carbon technologies (Carbon Capture and Storage, etc.), Smart Grid, e-storage etc. There should be a specific chapter in the regulatory cooperation between the EU and the US, on the normalisation/standardisation. It should clearly be identified as a way to increase trade between the EU and the US.

2. Public procurement and high US local content requirements

As a global company, with business opportunities throughout the world, Alstom is strongly in favour of fair competition and open markets and support this initiative of EU-US trade partnership to reduce trade barriers.

Alstom is nevertheless concerned that some countries, in particular in the field of public procurement, maintain tariff and non-tariff barriers which prevent European companies, like Alstom, from selling and investing there.

When faced with unfair competition, Alstom calls for the implementation of a reciprocity principle: if the European market is open to non-European competitors, then European companies should also have free access to foreign markets. This reciprocity principle should be at the heart of any trade negotiation between the European Union and its trade partners like the US.

In the US, there is one issue that should be particularly addressed: **foreign companies have to face high local content requirements for transportation and energy projects.**

It is important to note that the general clauses of the Government Procurement Agreement (GPA) are not applicable to Buy American provisions. This exclusion is due to American exemption in the GPA of procurement benefiting from any form of governmental assistance including grants, loans and fiscal incentives. This exclusion preserves the operation of federal transportation and energy related preferences.

We also note that there is also a risk of propagation of State laws reinforcing local content requirements.

1/ Buy American provision for High Speed Rail Projects in the Economic Stimulus plan

The American Recovery and Reinvestment Act (ARRA) adopted in February 2009 included a new “Buy American” provision imposing the use of 100% domestic manufactured goods, iron or steel in the procurement of construction projects using ARRA funds. This provision applies to every High Speed Rail project that benefit from the Federal Rail Administration (FRA) funding.

2/ Buy America requirements for Transit Rail Projects

The Federal Transit Administration (FTA) specifically requires under the “Buy America Act” adopted in 1982 that transit agencies receiving FTA funds procure products with 60% domestic content and that are assembled in the United States.

3/ Stronger Transportation “Buy America” requirements in California

The State of California has adopted a law (AB 1097), which took effect on January 1, 2012, that authorizes any local transit agency receiving federal funds for transit purposes to give a preference to bidders who can produce rolling stock with domestic content that exceeds the current FTA minimum of 60%. The proposed price would be adjusted downward by as much as 10% for local content more than 60% (0.25% preference per 1% increased content / 40 maximum increase).

US States are allowed to impose contracting preference provisions with higher domestic content requirements than those set forth in the federal law, but only if a state-wide “Buy American” provision is spelled out in law. The AB 1097 is now that law for California.

This law was supported by San Francisco Bay Area Rapid Transit agency (BART), the first Californian entity who applied it for their bidding purchase of 260 new metro cars and 515 option cars whose award is expected in April 2012.

4/ “Make it in America” legislative initiatives to revitalize manufacturing in the US

California Democratic Congressman John Garamendi is sponsoring two bills to end subsidies for foreign-produced clean energy technology, buses, railcars, and high-speed rail.

- a) The Airports, Highways, High-Speed Rail, Trains and Transit: Make it in America Act (H.R. 613) legislation would increase domestic content provisions for airports and rolling stock from 60 to 100% and eliminates non-availability waivers.
- b) The Manufacture Renewable Energy Systems: Make it in America Act (H.R. 487) legislation would require 100% domestic content in green technologies (wind, small hydroelectric, solar, geothermal) purchased by Federal agencies or by States with Federal funds. It also requires any company taking advantage of the Investment Tax Credit and the Production Tax Credit to buy 100% American content.

5/ 2012 Obama State of the Union Address: tax cuts to companies creating jobs in the US

The President called for tax cuts for US manufacturers, increased deductions for making high-technology products in the US and financing assistance for new plants, equipment and training.