



U.S. CHAMBER OF COMMERCE



September 8, 2014

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

On behalf of the U.S. Chamber of Commerce and the National Association of Manufacturers, we are writing to express our opposition to Congressional proposals, such as the DeLauro-Doggett and Durbin-Levin “No Federal Contracts for Corporate Deserters Act,” which would blacklist government contractors solely on the basis of a change in the location of their corporate domicile.

Enactment of these proposals would reduce overall competition in bidding for federal contracts while simultaneously placing at risk the jobs of thousands of U.S. workers who provide goods and services to the U.S. government. Debarring contractors who are in full compliance with U.S. law (including those paying taxes on income earned in the United States like every other domestic and foreign company that operates within U.S. borders) eviscerates the principles of “full and open competition” and best value for the taxpayer which have been the longstanding cornerstones of U.S. government procurement policy.

These and similar proposals are also contrary to U.S. international obligations contained in the World Trade Organization’s Government Procurement Agreement (GPA) and in numerous U.S. free trade agreements (FTAs) with respect to any company that is domiciled in another GPA or applicable FTA country. The United States has led the world in seeking to expand procurement markets overseas through reciprocal market-opening agreements such as these to boost U.S. exports and jobs. Adoption of this legislation would not only put the United States in violation of such obligations, it would open up U.S. exporters to new forms of discrimination and potentially retaliatory action.

We believe these punitive proposals take the wrong approach, and we urge that Congress take this opportunity to enact reforms to make the United States a more favorable location for investment, innovation, and jobs. To achieve this, we need comprehensive tax reform that lowers tax rates for all businesses and provides an internationally competitive tax system.

Sincerely,

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