



Infographic

“Buy America”

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Today the American Action Forum released a new infographic examining the implications of Buy America regulations on U.S.-based infrastructure projects, specifically metro system procurements. AAF finds that Buy America regulations raise the costs of subsidized infrastructure projects by preventing the U.S. from utilizing established global supply chains. According to AAF research, U.S. metro cars cost 34 percent more than their foreign counterparts. Furthermore, nations that are less restrictive on trade also enjoy lower procurement costs.

[Read the entire analysis here.](#)

BUY America

The U.S. enforces federal procurement policies that establish a preference for American suppliers, known as "Buy America" and "Buy American."

However, new research shows that fewer trade restrictions would likely yield more **economic benefits**.



WHAT EXACTLY IS "Buy AMERICA"?

A policy that requires transit authorities receiving federal funding for capital spending use those funds to purchase **American-made products**.

U.S. COSTS 1/3 FOREIGN COSTS FOR TRANSIT INFRASTRUCTURE

AAF observed the costs for subway systems in advanced economies and found a **cost-differential** between the U.S. and foreign entities.



UNITED STATES
\$2.7 million
PER SUBWAY CAR



34%

price
DIFFERENCE

FOREIGN ENTITIES
\$2 million
PER SUBWAY CAR

OPENNESS TO Trade

"Buy America" is a policy that restricts trade options. Nations with **less restrictive** trade policies tend to have **lower subway car costs**.



SUBWAY CAR COST: **\$2.7mil**
Trade as % of GDP: **21%**



SUBWAY CAR COST: **\$1.7mil**
Trade as % of GDP: **38%**



SUBWAY CAR COST: **\$1.9mil**
Trade as % of GDP: **48%**



SUBWAY CAR COST: **\$2mil**
Trade as % of GDP: **52%**



SUBWAY CAR COST: **\$1.6mil**
Trade as % of GDP: **70%**



SUBWAY CAR COST: **\$1.7mil**
Trade as % of GDP: **71%**

The federal government spends billions of dollars on transit infrastructure subsidies every year. "Buy America" policies almost certainly contribute to higher infrastructure costs in the U.S., but it is hard to gauge just how much economic harm these policies cause. Regardless, **the U.S. should curtail these policies to yield greater benefits from government expenditures.**

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