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POLITICS

Biden Signs Buy American Order for Government Procurement

Order revises definition of U.S.-made products as president seeks to boost domestic manufacturing



Then-Democratic presidential nominee Joe Biden toured Wisconsin Aluminum Foundry in Manitowoc, Wis., in September.

PHOTO: MARK MAKELA/REUTERS

By [Yuka Hayashi](#)

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WASHINGTON—President Biden signed an executive order Monday imposing

tougher rules on government procurement practices to increase purchases of products made in the U.S., a step toward fulfilling his Buy American campaign pledge to strengthen domestic manufacturing.

The new policies will include tightening the government procurement rules to make it harder for federal agencies to purchase imported products, revising the definition of American-made products and raising local-content requirements. The executive order also aims to ensure that small and midsize businesses will have better access to information needed to bid for government contracts.

“Under the Build Back Better recovery plan, we will invest hundreds of billions dollars in buying American products and materials to modernize our infrastructure and our competitive strength will increase in a competitive world,” Mr. Biden said at a press conference.

Some economists and trade experts have questioned the impact of such policies, citing the small size of government procurement in the overall economy, and noted that risks might include higher prices and retaliation against U.S. exports.

While the impact might be small, the new order hints at the broad shape of Mr. Biden’s trade policy and its focus on American workers. It states that Mr. Biden is committed to working with partners and allies to modernize international trade rules, including those related to government procurement, “to make sure all countries can use their taxpayer dollars to spur investment in their own countries.”

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James Wyner, chief executive of advanced-fabrics maker Shawmut Corp. based in West Bridgewater, Mass., said he is hopeful that the renewed focus on Buy American rules will encourage the federal government to procure more of the medical gowns his company started making during the pandemic.

More than 100 workers are producing gowns for the Defense Logistics Agency

under a contract that is set to finish in February. Mr. Wyner said politicians and the public have realized the dangers of relying on foreign suppliers for critical goods and he wants congress to extend Buy American requirements to more types of products.

“Both economically and politically this can be made to work,” he said.



A Trump rule called for an increase in the percentage of domestic content required for iron and steel products to be considered American-made.

PHOTO: JUSTIN MERRIMAN FOR THE WALL STREET JOURNAL

Mr. Biden’s Buy American initiative has similarities to former President Donald Trump’s domestic-preference effort, which was part of America First policy that featured tariff wars with China and other trading partners.

The new Biden policy will affect federal agencies’ direct purchase contracts for goods and services, which totaled \$586 billion in fiscal 2019, according to the Government Accountability Office. The GAO said foreign products accounted for less than 5% of direct federal procurement but has warned that the actual amount might be larger owing to system errors and limitations.

While direct government procurement represents a small sliver of the U.S. economy, the new policy’s impact on domestic companies and jobs could be significant if the Buy American standards are applied to the massive spending plans on infrastructure and new energy pursued by the new administration.

“This executive order will close loopholes that allow agencies to sidestep Buy American requirements and increase the thresholds for domestic content,” Richard Trumka, president of the AFL-CIO, said in a statement. “This order is a good first step in revitalizing U.S. manufacturing.”

Groups representing large exporters cautioned against protectionist policies, such as weakening of the government procurement agreement under the World Trade Organization, that could prompt other nations to shut their doors on U.S. companies in return.

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“Doubling down on already rigorous ‘Buy American’ rules could drive up the cost of government projects, undermining their potential to create jobs and spur economic growth,” said John Murphy, senior vice president for international policy at the U.S. Chamber of Commerce.

Mr. Biden’s Buy American policy [is being watched closely by America’s allies](#), which are hoping for friendlier trade relationships than during the Trump administration. Mr. Biden has repeatedly said he would work more closely with allies and multilateral trade rules.

Canada’s Foreign Minister, Marc Garneau, told Canadian Broadcasting Corp. on Sunday that Prime Minister Justin Trudeau relayed the country’s concerns about

a Buy American program to Mr. Biden during a Friday phone call between the North American leaders.

Eswar Prasad, professor of trade policy and economics at Cornell University, said the executive order shows Mr. Biden's trade policy is likely to remain focused on playing to domestic political constituencies.

"U.S. trading partners, who might have anticipated a more cooperative and less aggressive approach from this administration, are being put on notice that the new sheriff in town is no less tough than the previous one," he said.

A senior Biden administration official said that one of the goals of the Buy American policy is to strengthen the U.S. supply chain after the Covid-19 pandemic revealed weakness in the system for distributing critical medical supplies and safety equipment. The administration, he said, wants to make sure "we are never put in a position where we are reliant on countries who don't share our interests to deliver critical materials through supply chain."

—Paul Vieira contributed to this article.

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