
The Federal Transit Administration grants funding on the condition that all steel and manufactured products (except cement) used in the funded project - even at the state or local level - be produced in the United States. All of the manufacturing processes for the product must take place in the United States and all items or materials used in the product must be of U.S. origin. However, grants made for the purchase of transit vehicles require that the cost of components produced in the United States be at least 60 per cent of the cost of all components, and that final assembly take place in the United States.

Federal Aviation Administration grants to state, local and private organizations to build and improve airports and related facilities and equipment require that all facilities and equipment purchased with such funds contain a minimum of 60 per cent U.S. materials, and final assembly of the goods or systems must take place in the United States.

Other examples of U.S. federal Buy American requirements include:

- ▶ The Foreign Relations Act requires 55 per cent American content on all Voice of America modernization contracts.
- ▶ The Foreign Assistance Act prohibits use of U.S. funds (including foreign military sales) for procurement from foreign sources unless the President determines that such procurement would not adversely affect the U.S. economy or industrial base.
- ▶ The Emergency Food Assistance Act, and other legislation related to government support of human feeding programs, requires that recipient agencies purchase to the extent possible U.S.-produced food products.

Buy American requirements are also included in a number of other statutes, including:

- ▶ U.S. Technology and Pre-eminence Authorization Act;
- ▶ Small Business Credit and Business Opportunities Enhancement Act;
- ▶ Department of the Interior and Related Agencies Appropriations Act;
- ▶ NASA Authorization Act;
- ▶ High Performance Computing Act of 1991; and
- ▶ Waste Isolation Pilot Plant Land Withdrawal Act.

Small Business Set-Asides

The United States government, and several state and local governments, restrict certain contracts to small and minority-owned U.S. companies. Canadian firms are not eligible for these prime contracts. They are also at a disadvantage when seeking subcontracts, since U.S. prime contractors are required to provide a specified level of subcontracting to U.S. small and minority businesses. The definition of "small" varies by industry, but may involve up to 1500 employees in a manufacturing firm, or annual revenue of up to \$18 million for a services firm. U.S. law requires that:

- ▶ 20 per cent of the total value of U.S. government prime contract awards be made to U.S. small business;
- ▶ all contracts worth less than \$100,000 be reserved for small business;
- ▶ all contracts above \$100,000 be set aside if the contracting officer can reasonably expect two or more bids from small businesses; and
- ▶ if only one bid from a small business is received, the small business given a 12 per cent price advantage in evaluation.