



March 4, 2010

VIA EMAIL

The Honorable Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Obama:

On behalf of the member companies of the Association of Equipment Manufacturers (AEM) and Associated Equipment Distributors (AED), we want to thank you for highlighting the importance of investment in our nation's infrastructure during your State of the Union address and urge you to make highway reauthorization a top priority for this year.

As you correctly noted, the only way for our nation to move to full employment is to lay a new foundation for long-term economic growth. The construction equipment industry stands ready to put Americans to work today building the infrastructure of tomorrow. One of the most productive steps we can take toward laying that new foundation is to enact a fully-funded, multi-year reauthorization of the federal surface transportation programs. The men and women of the construction equipment industry respectfully ask you to urge Congress to complete that critical legislation this year.

The United States has been under-investing in its infrastructure for too long. Indeed, from 2002 to 2008, while the U.S. economy grew at an average annual rate of 2.4 percent, real investment in highways, bridges, sewers, drinking water systems, etc. fell 1.6 percent per year. This collective failure of government has real economic consequences. For example, the Texas Transportation Institute (TTI) has estimated that traffic congestion resulting from inadequate road capacity costs the U.S. economy \$87 billion per year in wasted time and fuel. Additionally, the Pacific Institute for Research and Evaluation recently determined that roadway condition is a contributing factor in more than half – 52.7 percent – of the nearly 42,000 American deaths resulting from motor vehicle crashes each year and 38 percent of the non-fatal injuries. In terms of crash outcome severity, road condition is the single most lethal contributing factor – greater than speeding, alcohol, or non-use of seat belts.

Despite these and other compelling statistics, Congress has failed to make highway reauthorization a priority. The most recent multi-year surface transportation law has expired and the highway program is operating under a series of short-term extensions. The uncertainty surrounding the future of the federal highway program and general volatility in the construction industry have taken an enormous toll on equipment manufacturers and distributors.

A study done by IHS Global Insight before the end of last year found that nationally, spending on construction equipment in 2009 would fall 50.1 percent from its peak in 2006. Employment in the construction equipment manufacturing sector alone declined 59 percent from 2006, and output in the broader construction equipment industry (manufacturing, distribution, and product support) fell by nearly 40 percent, with a loss of 257,700 jobs, or 37 percent of the work force. Additionally, the indirect effects of our industry on the broader economy will cost an additional 274,700 jobs; 134,000 of those lost jobs come from the equipment manufacturing sector, with its strong demand for other manufactured components. Taken together, the direct and indirect impacts of the recession on our industry will be approximately 550,000 jobs on a peak to trough basis, and all these numbers are getting worse.

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The construction equipment industry plays a vital role in supporting the U.S. economy and good-paying American jobs. As long as our industry remains in this dire condition, it will continue to be a drag on the broader economic recovery. A multi-year reauthorization of the federal highway program would have a tremendous and *immediate* positive effect by providing state departments of transportation the long-term, predictable funding they need to plan adequately and make spending decisions. That certainty will give contractors the confidence to invest in new, more productive, efficient and environmentally-friendly equipment, revitalize the construction equipment industry, and put our people back to work for good.

We appreciate your commitment to serious investment in our nation's infrastructure. As you declared in your State of the Union address, you "do not accept second place for the United States of America." It is with this pledge in mind that we urge you to direct your administration to begin working with the Congress to develop and pass - *in 2010* - a fully funded, multi-year reauthorization of the federal surface transportation programs.

Last summer, recognizing the mutual challenges faced by equipment distributors and manufacturers in the current business environment, AED and AEM came together to launch our *Start Us Up USA!* grassroots campaign. The goal: reinforce the connection between infrastructure and jobs, and the need for swift action on a multi-year highway bill. Our campaign has reached more than 15 million voters and resulted in thousands of grassroots messages from equipment industry employees to Congress. We look forward to putting our associations' resources to work in support of your administration's reauthorization plan and would welcome the opportunity to meet with you or senior members of your team to discuss strategy in this area.

Please address any responses or comments regarding this letter to AEM Vice President of Government Affairs Anne Forristall Luke at aforristalluke@aem.org or 202.898.9064 and to AED Vice President of Government Affairs Christian Klein at caklein@aednet.org or 703.739.9513.

Sincerely,



J. Toby Mack
President & CEO
Associated Equipment Distributors



Dennis Slater
President
Association of Equipment
Manufacturers

cc: All members of the U.S. Senate

All members of the U.S. House of Representatives

The Honorable Ray LaHood
Secretary of Transportation

The Honorable Timothy Geithner
Secretary of Treasury