



May 10, 2013

Ambassador Demetrios Marantis
Acting United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Office of the United States Trade Representative's (USTR) Request for Comments
Concerning Proposed Transatlantic Trade and Investment Agreement (TTIP); 78 Fed.
Reg. 19566 (April 1, 2013)

Dear Ambassador Marantis:

On behalf of the Alliance of Automobile Manufacturers (Alliance), we welcome this opportunity to provide the following comments in response to the Notice referenced above concerning the proposed TTIP, "including regarding U.S. interests and priorities, in order to develop U.S. negotiating positions." 78 Fed. Reg. 19566 (April 1, 2013). The Alliance is the leading advocacy group for the auto industry, and represents 77% of annual new car and light truck sales in the United States.

We are encouraged by the work conducted during the year-long exploratory process by the U.S.-European Union (EU) High Level Working Group on Jobs and Growth (HLWG) and wish to reiterate our position that any agreement include the mutual recognition of existing automotive technical standards, in addition to the creation of a joint process for harmonization of common future automotive regulations. An ambitious TTIP that prioritizes automotive regulatory convergence without sacrificing vehicle safety or environmental performance will help enhance economic growth and competitiveness for both the U.S. and the EU.

The auto industry serves as a driving force in both the U.S. and the EU economies. According to the International Organization of Motor Vehicle Manufacturers (OICA), the U.S. and the EU together account for 32% of global auto production and 35% of global auto sales. In 2012, the United States exported nearly \$8 billion worth of passenger vehicles to the EU and nearly \$5 billion in automotive parts.¹ During the same period, the U.S. imported approximately \$32 billion in passenger vehicles from the EU and more than \$12 billion in auto parts.²

The global landscape for auto production and sales is changing. The future of mobility is being driven by various factors. First, global sales are expected to rise by more than fifty percent by

¹ United States Department of Commerce and United States International Trade Commission

² Ibid.

Alliance of Automobile Manufacturers

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the end of the decade.³ That equates to roughly a billion new automobiles hitting the roads of the world over this time period. Most of that growth will continue to take place in emerging markets like China and India. Second, the industry is undergoing a dramatic transformation in powertrains, degrees of automation and access models. Finally, there are rapidly evolving and highly competitive production and consumption patterns. As a result, it is essential to ensure that regulatory costs do not inhibit future mobility, enabling auto manufacturing to continue to play a critical role in our transatlantic economies. Inconsistent or duplicative regulations can serve as non-tariff barriers (NTBs) to trade. According to a study conducted by ECORYs and commissioned by the European Commission, current auto NTBs are equivalent to an ad valorem tariff of approximately 26%.⁴ Exploring avenues to mutually recognize existing automotive technical regulations and establishing a process to harmonize future ones should be a key priority as our leaders negotiate this trade partnership. Reducing the regulatory burden will stimulate positive economic growth in the U.S. and the EU and allow both to remain leaders in the vast global market.

Mutual recognition and future regulatory harmonization should be identified as priorities in the upcoming formal trade negotiations. Regulatory convergence will aid in lowering overall costs, and a resultant increase in mobility rates; ultimately, this scenario achieves greater prosperity. While light duty vehicle sales continue to grow globally, soon we will see the growth in emerging markets like Asia and South America surpass the sales growth in more mature markets like the U.S. and Western Europe. Eliminating or significantly decreasing the cost of regulatory differences would position automakers to more effectively compete in these growing markets. Regulatory convergence will help strengthen and improve the international competitiveness of the automobile industry.

We certainly recognize the challenges surrounding regulatory convergence. U.S. and EU leaders have collaborated on this issue through various avenues such as the United Nations Working Party 29 (UN WP 29). Yet, we believe creation of a parallel U.S.-EU process under TTIP could reignite efforts to achieve increased regulatory convergence. Rarely has there been such unified and overwhelming support within government and the business community for an ambitious transatlantic trade agreement. As the formal process moves forward, we stand ready to provide specific recommendations and assistance in the area of regulatory convergence to ensure a successful TTIP result.

The approach outlined above is consistent with that proposed in a joint U.S.-EU auto industry presentation at the April 11 U.S.-EU High Level Regulatory Cooperation Forum – Stakeholder Session. This new approach towards regulatory convergence proposes the following:

- Existing Regulations:

³ Christine Tierney, “GM’s Wuling Venture Reaches For the Masses,” *Detroit News*, 8/8/2011

⁴ ECORYs Nederland BV, “Non-Tariff Measures in EU-US Trade and Investment: An Economic Analysis”, p. 48, 12/11/2009

- Mutual recognition should be presumed unless it is demonstrated that a regulation is deficient from a safety or environmental outcome perspective based on a data driven analysis.
- Mutual recognition shall imply that with regard to the regulations concerned vehicles shall be considered to offer the same high-level of safety or environmental performance.
- New Regulations:
 - Implement a joint U.S.-EU auto regulatory harmonization process that promotes and facilitates the development and adoption of future new regulations.⁵

It is important to stress that this proposed approach will not seek opportunities to compromise regulatory stringency. This pathway will help eliminate regulatory barriers within the auto industry while preserving vehicle safety and environmental performance.

To build upon this proposed approach towards regulatory convergence, AAPC and ACEA have compiled a priority list of safety and environmental regulations where mutual recognition is appropriate and beneficial (ATTACHMENT A). The Alliance has reviewed this list and we believe that achieving mutual recognition of these initial regulations is a realistic goal and will lay solid groundwork for regulatory convergence in our sector. We remain committed to working constructively with our industry partners as the TTIP negotiation process moves forward.

The Alliance appreciates the opportunity to comment on the proposed Transatlantic Trade and Investment Agreement. We support the efforts and resources USTR has provided throughout this exploratory process and are confident that we enter the formal process in a strong and well-informed negotiating position. We are committed to engaging constructively to ensure a successful TTIP with increased regulatory convergence is ultimately achieved. This broad trade agreement will lead to enhanced economic growth, competitiveness, and most importantly, job creation on both sides on the Atlantic. Thank you for your consideration.

Sincerely,



Mitch Bainwol
President & CEO
Alliance of Automobile Manufacturers

⁵ American Automobile Policy Council (AAPC) and European Automobile Manufacturers Association (ACEA), “U.S. –EU Automotive Regulatory Convergence,” Slide 12, U.S.-EU High Level Regulatory Cooperation Stakeholders Forum; Washington, DC, April 10-11, 2013

ATTACHMENT A

AAPC-ACEA Non-Exhaustive List of Candidate Regulations for Mutual Recognition⁶

Safety Regulations

	EU Regulation	Description	U.S. Regulation
1	ECE R94	Front impact	FMVSS 201 & 208
2	ECE R 95	Side impact	FMVSS 214
3	ECE R34	Rear impact	FMVSS 301 303 & 305
4	ECE R64	Tyre pressure monitoring	FMVSS 138
5	ECE R11	Door locks and latches	FMVSS 206
6	ECE R121	Controls and Tell Tales	FMVSS 101
7	ECE R 13H & 13	Braking incl. BAS, ESC, HD , etc.	FMVSS 126 & 105 & 106 & 116 & 121 & 135
8	ECE R48 & 7 & 6 & 4 & 23 & 31 & 37 & 38 & 77 & 87 & 91 & 98 & 99 & 112 & 119 & 123	Lighting	FMVSS 108 & Part 564
9	ECE R100 & 12 & 94 & 95	Electric safety	FMVSS 305
10	ECE R116 & 18 & 97	Anti-theft	FMVSS 114 & Part 541 and 543
11	ECE R17	Seat strength and head restraints	FMVSS 202a
12	ECE R14 & 16	Seatbelt anchorages	FMVSS 210
13	ECE R16 & 44	Seat belt and restraint systems	FMVSS 208, 209 & 213

⁶ Those regulations identified by bold red text are regulations that do not apply to light-duty motor vehicles. They apply to heavy-duty commercial and transit vehicles and are included in this list at the request of ACEA members that produce such heavy-duty vehicles and may also be of interest to U.S. producers of such vehicles.

14	EU 672/2010	Defrost / demist	FMVSS 103
15	ECE R14, 16 & 44	Child restraint anchorage systems	FMVSS 213 & 225
16	EU 1008/2010	Wash / wipe	FMVSS 104
17	ECE R43	Safety glazing	FMVSS 205
18	ECE R30 & 54 & 64 & 106 & 117	Tyres	FMVSS 109 & 110 & 119 & 120 & 129 & 139
19	ECE R118	Flammability of materials	FMVSS 302
20	ECE R 14 & 16	Seat Belt Assembly and Seat Belt Assembly Anchorages	FMVSS 209 & 210
21	ECE R17 & 80	Seating System	FMVSS 207
22	ECE-R12	Impact from Steering Control	FMVSS 203 & 204
23	ECE-27 & 13 & 13H & 65	Warning Devices	FMVSS 125
24	ECE R89	Accelerator Control System	FMVSS 124
25	ECE R21	Power Operated Windows, etc.	FMVSS 118
26	ECE R46	Rear Visibility	FMVSS 111
27	ECE R21	Interior Fittings	FMVSS 201
28	ECE R58, 73 & 93	Rear, Side and Front under run	Part 393

Environmental Regulations

	EU Regulation	Description	U.S. Regulation
1	ECE R 83	Light duty emissions regulations <i>[Note: In this case, AAPC and ACEA seek the development of a harmonized test cycle for use in both markets.]</i>	40 CFR Part 86

2	ECE R 49	Heavy-duty engine emissions	40 CFR Part 1065 & 40 CFR part 86 subpart N. Concerning OBD: 40 CFR Part 86, 89, 90, 1027, 1033, 1042, 1048, 1054, 1060, 1065 and 1068.
3	ECE R 85	Measuring of engine power	40 CFR § 86.094-8 and §86.096-8. This incorporates by reference standard SAE J1349, Engine Power Test Code—Spark Ignition and Compression Ignition, June 1990. Any of the horsepower determinants within that test procedure may be used, as long as it is used consistently throughout the manufacturer's product line in any model year.
4	ECE R 51	European pass-by noise regulations as equivalent to U.S. for trucks > 10,000 lbs.	40 CFR Part 205.54
5	ETSI 300	Radio Frequency Interference	47 CFR 15 C