



**Statement of the
Motor & Equipment Manufacturers Association (MEMA)
Before the
United States Trade Representative
Public Hearing on
Negotiating Objectives for a U.S.-EU Trade Agreement
Docket No. USTR-2018-0035
December 14, 2018**

Good afternoon. My name is Ann Wilson and I am the Senior Vice President of Government Affairs for the Motor & Equipment Manufacturers Association. MEMA represents more than 1,000 vehicle suppliers that manufacture new original equipment and aftermarket components and systems for use in passenger cars and commercial vehicles. Vehicle suppliers are the largest sector of manufacturing jobs in the United States, directly employing over 871,000 Americans in all 50 states. Supplier manufacturing jobs have increased over 19 percent since 2012– in large part because of investment in new innovative technologies that are dependent on a global supply chain. I am pleased to be here today to address our priorities for a free trade agreement with the European Union.

The EU is a critical trading partner for U.S. vehicle parts manufacturers. MEMA supports this opportunity for the U.S. to strengthen our trading relationship with the EU and we urge both parties to arrive at a trade agenda that is mutually acceptable. If the U.S. and the EU decide to include vehicles and vehicle parts within that discussion, MEMA urges the parties to address the following issues:

- Agree to terms that exempts the EU from Section 232 tariffs on steel and aluminum imports, as well as from on any potential tariffs resulting from the Section 232 investigation on automobiles and automotive parts – without any caps or quotas;
- Allow for regulatory convergence and mutual recognition of existing standards – removing technical barriers to trade – without further modification, testing, or certification, provided that safety levels and environmental protection are not lowered; and
- Address non-tariff barriers to trade.

MEMA has consistently argued that the United States and its trading partners, including the EU, must agree to terms related to the current Section 232 tariffs on steel and aluminum and any potential Section 232 tariffs on automobiles and vehicle parts. Moreover, MEMA would urge the parties to agree to a full exemption without any caps or

quotas. Quotas present challenges and uncertainty, which is especially challenging for the vehicle industry due to its long production cycles. Addressing these exemptions would signify the importance of our trading relationships and provide the ongoing stability that suppliers need to thrive in the United States. If these matters are not addressed, U.S. suppliers and OEMs will be less competitive and profitable.

I want to spend the larger share of my time this afternoon discussing an issue of specific importance between the U.S. and the EU – regulatory convergence and mutual recognition.

The U.S. vehicle industry is undergoing one of the most significant technological transformations to the future of mobility. These advances are improving vehicle safety and efficiency in unprecedented ways. Suppliers dedicate significant resources to the innovation, research, development, and production of over two-thirds of the value in today's vehicles. There is little doubt that these technologies are the new face of the industry and the U.S. must be in the forefront of this development and implementation since the work associated with these new technologies will drive our nation's job development. This will, in turn, promote exports and ensure that the U.S. will maintain its global leadership position on technology and innovation.

As vehicles are heavily regulated by both Parties, we believe that the safety and environmental standards between the U.S. and EU are relatively analogous to one another.

First, MEMA urges USTR to revisit regulatory convergence, since this has the potential to break down unnecessary technical barriers while maintaining the fundamental structures of each regulatory system. This can be done utilizing resources effectively and meeting the public safety and environmental needs and respecting sovereignty without sacrificing vehicle safety or environmental performance. This is particularly important for new, forward-looking standards on advanced technologies.

At the same time, MEMA believes that aligning or mutually recognizing each other's regulatory schemes would open opportunities for U.S. vehicle suppliers to access the European marketplace. MEMA urges the Parties to establish a pathway for mutual recognition of existing standards – without further modification, testing, or certification – provided that levels of safety and environmental protection are not lowered. This will not only tackle non-tariff barriers by allowing for U.S. FMVSS-certified vehicles and parts into EU, but also will cultivate opportunities to align in the development of future standards for new technologies.

Our industry is committed to work with the USTR, and the Departments of Commerce and Transportation to develop practical approaches to these challenges.

MEMA stands ready to fully participate in the negotiation process. Thank you for considering the comments of MEMA and I look forward to your questions.

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