



January 27, 2015

The Honorable Michael Froman
U.S. Trade Representative
600 17th Street, NW
Washington, D.C. 20508

The Honorable Cecilia Malmström
European Commissioner for Trade
Rue de la Loi 200
Brussels B -1049

Dear Ambassador Froman and Commissioner Malmström:

The Motor & Equipment Manufacturers Association (MEMA)¹ and the European Association of Automotive Suppliers (CLEPA)² represent an industry that employs over 734,000 American workers and five million European workers. On behalf of these motor vehicle suppliers in the U.S. and Europe, we urge a renewed effort on the Transatlantic Trade and Investment Partnership (TTIP) negotiations this year, allowing for an agreement to be finalized before the end of 2016.

As you are aware, these two economies account for nearly half of the world's GDP and represent 35% of global automotive sales. A recent EU impact assessment report found that EU vehicle and parts exports to the U.S. would increase by 149%, and U.S. vehicle and parts exports to the EU would increase by 347%, ten years after the implementation of a U.S.-EU agreement to eliminate tariffs and reduce 25% of existing non-tariff barriers. There is no doubt that a successful TTIP would bring about economic gains, enhanced job creation, innovation, and investor confidence. Specifically, MEMA and CLEPA support a TTIP that:

1. Attains regulatory convergence while preserving high standards of vehicle safety, environmental performance and innovation. The EU and U.S. automotive industries face regulatory costs in the region of \$12.8b. Automotive regulations add an average cost of 26.5% to US and EU trade. It is estimated that a reduction of 25% (\$3.2b) of automotive regulatory costs would nearly double the savings that would result from 100% elimination of bilateral automotive tariffs under TTIP.
2. Promotes opportunities for a strong worldwide system of future harmonized regulations, making the existing UN International Agreement (the 1998 Agreement) more efficient. Together the U.S. and the EU represent a significant market for motor vehicles. A focus on the harmonization of future regulations will eliminate unnecessary regulatory burdens worldwide.

¹ The Motor & Equipment Manufacturers Association (MEMA) represents over 1000 companies that manufacture motor vehicle parts for use in the light- and heavy-duty vehicle original equipment and aftermarket industries. Motor vehicle parts manufacturers are the nation's largest manufacturing sector, directly employing over 734,000 American workers. MEMA represents its members through four affiliate associations: Automotive Aftermarket Suppliers Association (AASA); Heavy Duty Manufacturers Association (HDMA); Motor & Equipment Remanufacturers Association (MERA); and, Original Equipment Suppliers Association (OESA).

² CLEPA represents 110 of the world's most prominent suppliers for car parts, systems and modules and 24 National trade associations and European sector associations are members of CLEPA, representing an industry with an annual turnover of 600 billion Euro, more than 3,000 companies, employing more than 5 million people and covering all products and services within the automotive supply chain.

3. Eliminates tariffs, reciprocally, and secures 100% liberalization with relatively short phase-out periods. EU tariff rates applied to automotive component parts are as high as 8%; US tariffs are 2-3%. In 2011, \$1.7 billion in tariffs was paid on bilateral automotive exports. Furthermore, the simplification of customs procedures, cooperation on public procurement, dual use items and export controls would provide a significant push for transatlantic trade.
4. Addresses the gaps between our respective position on intellectual property protection and Rules of Origin.
5. Commands a strong and sustained political commitment, at the highest levels of government and regulatory authorities, allowing for transparency and regular consultation with automotive stakeholders.

A robust TTIP would send a message to the U.S.'s and EU's other trading partners globally, that important economic benefits can truly be derived from trade liberalisation, when partners are free from both tariff duties and technical barriers.

Our industry looks forward to working with all parties as we address these critical concerns.

Sincerely,



Steve Handschuh
President & CEO
MEMA



Paul Schockmel
CEO
CLEPA

cc: Ignacio Garcia Bercero
Hiddo Houben
Jean-Luc Demarty
Dan Mullaney
David Weiner