CLEPA
European Association of
Automotive Suppliers

23.10.2015

CLEPA Position Paper

The Transatlantic Trade & Investment Partnership (TTIP) Agreement

CLEPA calls for a strong and sustained political commitment, at the highest levels of EU and US government, with their respective regulatory authorities, allowing for transparency and regular consultation between stakeholders in the automotive industry.
<u>The following key core objectives need to be met by the TTIP:</u>

- <u>Regulatory convergence</u>, laying down the foundations for: existing regulations, where CLEPA supports Functional Equivalency, provided that the current high standards of vehicle safety, environmental performance are not lowered and that consumer's added-value and innovation are encouraged. Where this cannot be achieved, CLEPA supports regulatory convergence on the basis of harmonisation. For future regulations, CLEPA calls on the decision makers to promote a strong, worldwide system of future harmonised regulations, building upon the efficacy and functionality of the existing Global Technical Regulation (GTR) process under the UN 1998 Agreement. 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.

- 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, resulting from 100% elimination.

- <u>Elimination of tariffs,</u> reciprocally, attaining 100% liberalization, with relatively short phase-out periods. The EU share of bilateral trade of vehicle parts for the EU, in general, is approximately 79%, with the US share at 21%. The average tariff duty for vehicle parts is 4.3% for the EU and 1.8% for the US. Although the US has lower tariffs than the EU, the volume of EU export trade is m3ch higher, at around €273bn, with EU exporters paying approx. €3.6bn Euros in US tariffs, whilst the US pays around €2.1bn in EU tariffs. Either way, duty savings for both sides would be substantial and therefore highly beneficial to the automotive industry.

- <u>Simplification of customs procedures</u>, for dual use items and export controls, electronic customs procedures should be simplified and cooperation on security should be enhanced.

- Cooperation on public procurement, ensuring non-discriminatory participation, enabling EU companies to bid for more public contracts in the US, competing on the same grounds.

- Protection of Investment, allowing for THE establishment and management of investments, based on a non-discriminatory nationality of ownership.

- Unhindered transatlantic trade in the business of remanufactured goods.

- Addressing the gaps between our diverging positions on Intellectual Property Rights (IPR) protection, compliance with international IP treaties, thus promoting and ensuring proper enforcement, essential for the protection and advancement of invaluable research, development and innovation.

- Rules of Origin should be simplified and easy to handle, with members inputting to requests on Product Specific Rules. Harmonisation of diverging classifications under the HS tariff codes.

CLEPA is the European Association of Automotive Suppliers.

116 of the world's most prominent suppliers for car parts, systems and modules and 23 National trade associations and European sector associations are members of CLEPA, representing more than 3 thousand companies, employing more than 5 million people and covering all products and services within the automotive supply chain. Based in Brussels, Belgium, CLEPA is recognized as the natural discussion partner by the European Institutions, United Nations and fellow associations (ACEA, JAMA, MEMA, etc).

Facts about the European automotive industry

- Some **12 million** people are employed in the European automotive industry
- European automotive suppliers directly employ **5 million** people
- European automotive suppliers invest **€18bn** in RDI per year. They are the biggest private investor into research and innovation
- Per year, **18 million** vehicles are manufactured in Europe, contributing to the stability and growth of the European economy