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Trade Between United States and European Union: Opportunities for Recreational Boating

Recreational boating interests write to express our strong support for the ongoing trade discussions between the United States and European Union. We, the undersigned, urge both sides to quickly resolve trade disagreements regarding aluminum and steel tariffs and welcome the opportunity to also address technical barriers to trade. The recreational boating industry would particularly benefit, as we face higher raw material costs, retaliation of marine products, and technical barriers to trade.

The US and EU are natural trade partners and have a long tradition of exchanges in the boat industry. The International Council of Marine Industry Associations (ICOMIA), the European Boating Industry (EBI) and the National Marine Manufacturers Association (NMMA) play a critical role in the international dialogue of the recreational marine industry and support policies that benefit boating on both sides of the Atlantic. Recreational boating is a significant contributor to the US and European economy, contributing \$39 billion in annual US sales through 650,000 jobs and 35,000 businesses. For the European Union, the boating industry is a significant contributor to the economy, accounting for over 32,000 businesses directly employing more than 280,000 people and generating an annual turnover of nearly 20 billion euros. Our industry was vocal during the Transatlantic Trade and Investment Partnership (TTIP) discussion and would like to reiterate our support of reducing technical barriers to trade that address standards harmonization, regulatory convergence and conformity assessment procedures.

Reduction or elimination of tariffs incentivizes manufacturing companies to trade globally and reduces financial market share barriers. The imposition of the U.S. Administration's worldwide steel and aluminium tariffs has resulted in Europe's levy of a 25 percent tariff on boats. This tax

has completely shut out U.S. manufacturers from the European market and must be addressed to ensure free and fair trade. We strongly urge the U.S. and E.U. to recognize the harmful effects of the current trade dispute and focus on achieving a reasonable resolution to end these tariffs.

Regulatory coherence is a second trade principle supported by our organizations. Recreational craft are subject to a myriad of regulations in both the U.S. and EU. While similar in their goals, fragmented rules place significant burdens on product design and regulatory coherence will improve the business climate in all markets. ICOMIA, EBI and NMMA urge negotiators to address regulatory barriers and ensure principles of transparency, notice and comment rulemaking, and impact on global trade are considered. Future regulations should account for global impact and governmental agencies should communicate prior to finalization.

Lastly, reduction in technical barriers to trade is supported by ICOMIA, EBI and NMMA and should be addressed within the framework of a trade deal between the U.S. and EU. Conformity assessment procedures and building construction standards are two critical areas where global trade is impacted for the recreational boating industry. Manufacturer costs are reduced when there is a single global standard that would ensure that U.S. and EU boat building standards and certifications are compatible.

As negotiations move forward we request you focus on addressing the following barriers to trade:

1. Complication of ISO standards

The breadth and complication of ISO standards make it difficult for many manufacturers to interpret and comply. Manufacturers without the ability to dedicate an entire engineering team to ISO standards, will be prevented from understanding complicated ISO requirements like stability, scantlings, windows, hatches and port lights, and drainage. Simple, easy to use, and effective standards models like those employed by ABYC make it easier for manufacturers and engineering teams to comply and therefore produce vessels for international markets. No discernable safety issues can be attributed to the different standards, just complications requiring a high level of expertise.

2. Manufacturing Identification Codes

The RCD II allows for each member state to issue their own Manufacturer Identification Codes (MIC) for manufacturers. The MIC codes are identifying components as part of the Hull Identification Number, which formulate a critical vessel database system. Under the current structure of the RCD II, member states are issuing MIC codes without communication amongst each other, resulting in similar or even identical codes being used for different manufacturers, country by country. This causes extreme confusion and undermines the effectiveness of a HIN and vessel database system globally. We propose consideration of a centralized European system for the issuance of MIC codes to avoid unnecessary duplication and confusion.

3. Lack of Reciprocity of ISO to ABYC or other national standards

Manufacturers who use a harmonized ISO standards are presumed to be in conformity with the RCD. The RCD allows for other standards to be used, but the onus is on the boat

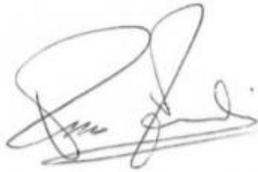
builder to show conformity with the RCD requirements. Notified Bodies are typically unwilling to accept non-ISO standards as conforming to the essential safety requirements. This creates a monopoly for ISO standards in European markets. We ask negotiators to consider the principle of mutual recognition between ABYC and ISO standards.

4. Dual Certification

A vessel certified to NMMA requirements using ABYC standards is essentially the same vessel as one that is exported to Europe and obtains a CE mark from a Notified Body. The dual certification only increases the paperwork and associated costs. NMMA inspectors have the ability to certify dually to ABYC standards and CE requirements through IMCI, as a Notified Body, however, this benefit is one-way, where Notified Bodies are unwilling to certify to US requirements (again with the exception of IMCI, which has an MOU with NMMA). Certification of a vessel can cost a manufacturer approximately \$3,000- \$4,000.

We believe it is imperative the U.S. and EU work quickly to resolve barriers to trade and eliminate the use of tariffs against one another. Together, we can achieve an enduring solution that benefits both sides of the Atlantic and allows the boating industry to continue its economic growth.

Sincerely,



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National Marine Manufacturers Association
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