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VIA ELECTRONIC MAIL
NO HEARING TIME REQUESTED

May 10, 2013

Mr. Douglas Bell
Chair, Trade Policy Staff Committee
United States Trade Reprentative
600 17th STreet NW
Washington, DC 20508

Re: Request for comments – Transatlantic Trade and Investment Partnership

Dear Sir:

We represent Ferrari North America, Inc. of Englewood Cliffs New Jersey, and on the company's behalf we respond to your invitation to comment on those negotiating objectives which the United States should consider in the upcoming trade negotiations now known as the Transatlantic Trade and Investment Partnership (hereinafter "TTIP"). The invitation to comment was published in the *Federal Register* on April 1, 2013.

Ferrari North America is the exclusive distributor in the United States of the full line of automobiles and automotive aftermarket parts produced or supplied by our parent corporation Ferrari, SpA of Modena, Italy. Ferrari is recognized worldwide as a premier automotive product both for style and performance.

Your notice proposes as many as 17 different negotiating objectives, which, of course, will vary among the industries from which you obtain comments. Ferrari will address only those negotiating objectives that relate directly to the automotive industry.

We specifically note three objectives that, we suggest, will benefit the international automobile industry in particular, and the worldwide economy as a whole.

1. *Customs duties should be eliminated on automobiles and parts thereof.*

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As you know, reductions in rates of duty have been an important focus of virtually every bilateral and multilateral trade agreement since the first such agreement was negotiated in Geneva in 1947. The American experience has been that, as rates of duties are reduced or eliminated in the territories of the negotiating parties, the improved levels of trade and the economic benefits from those increases in trade more than offset the comparatively nominal loss of customs duties that are occasioned by the trade agreement concessions. We expect to see the same economic benefits if duties are eliminated on automobiles and aftermarket parts imported into the United States.

You have asked us to address issues of trade sensitivities or trade priorities in the context of these trade negotiations. Historically, imported automobiles have been considered an important trade article, but not a trade sensitive article, and therefore, we do not believe that a reduction or elimination of duties will create any trade sensitivity.

2. *Duty elimination should be immediate rather than phased in.*

In other bilateral and multilateral trade agreement talks, the United States established as a general negotiating objective the elimination of rates of duty in those instances in which the existing rate, at the commencement of the negotiations was at 5% or less, and a phased-in rate reduction in cases where the existing rate was above 5%. The existing rate of duty on automobiles entering the United States is 2.5% and therefore under prior trade negotiation standards the duty on automobiles should be simply eliminated. We see no reason to modify that negotiating tradition. It has worked well in the past.

3. *In developing rules of origin for vehicles, all components from all TTIP members should be considered qualifying materials for purposes of calculating TTIP*

eligibility, and flexible accounting rules should be established for purposes of determining an eligible material.

There is probably no industry that is more aggressive in finding the best production components for use in its finished goods than is the automobile industry. Consequently, virtually every automobile producer now sources its components worldwide. Therefore, the eligibility rules will be important to the industry.

We assume that, in determining the origin of an article for purposes of TTIP eligibility, any material originating in any TTIP country will be treated as an eligible material for purposes of determining the eligibility of the finished article under the Agreement. Similarly, we assume that direct identification of the material itself will not be required, but some form of accounting will act as a substitute for direct identification of the qualifying input material. Because of both the multinational character of Ferrari's components purchasing and the industry wide practice of commingling of materials inventory, it will be important to have some form of identification, other than direct identification, to determine the eligibility of the components. This issue has come up in other trade agreement negotiations and we do not expect that it will be problematic, but we underscore its importance.

On behalf of the Company, we thank you for giving us the opportunity to present its views.

Very truly yours,

John P. Donohue

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JPD/km