

May 10, 2013

President Barack Obama
The White House
Washington, DC 20500

Dear Mr. President:

The National Marine Manufacturers Association (NMMA) welcomes your announcement that the United States and the European Union are launching formal trade agreement negotiations. NMMA is pleased to provide these comments on particular areas of interest for the recreational boating industry, which we hope you will consider during the Transatlantic Trade and Investment Partnership (TTIP) negotiations.

NMMA is the nation's largest recreational marine trade association, representing nearly 1,400 members involved in every aspect of the boating industry. NMMA members manufacture over 80 percent of recreational boats, engines, trailers, accessories, and marine gear purchased in the United States. The recreational marine industry is a significant contributor to our nation's economy, with a total economic impact of \$121.5 billion in 2012. With nearly 13 million registered boats and 72 million Americans participating in boating annually, the recreational marine industry is a major consumer goods and services industry that employs 963,818 people through 34,833 businesses.

The U.S. recreational boating industry has been successful in seeking international markets for its goods. Since 2007, there has been a positive trade balance for U.S. recreational boating and marine engines. In 2012 the number of recreational boats and marine engine exports was up three percent, totaling \$2.2 billion and yielding a trade surplus of \$275 million. The European Union is a strong trading partner for U.S. marine manufacturers. Twenty eight percent of U.S. marine boat and engine exports are destined for EU markets totaling \$380 million in sales. Despite these numbers, the economic downturn of the European economy has significantly impacted U.S. exports, leading to a 17 percent reduction in exports from the previous year.

NMMA members are largely small to medium-sized companies that would benefit from improved assistance in trade with the EU. The recreational boating industry would like to see an increase in comprehensive market access for its goods, regulatory coherence, and realistic environmental provisions.

As an important trading partner for U.S. marine manufacturers, the recreational boating industry is keenly aware of EU trade barriers which hinder further export growth. NMMA is optimistic the TTIP discussions will do more to strengthen the contribution of trade and investment between the U.S. and EU and foster additional manufacturing job growth in the United States by allowing for expanded market potential. NMMA supports efforts which will boost U.S. economic growth and market access by supporting the creation and retention of high-quality U.S. jobs through increasing U.S. exports.

Compatibility of Regulations and Standards

The most significant barrier to trade for U.S. marine manufacturers exporting to the EU is incompatible boat and engine standards. NMMA supports efforts for greater compatibility of U.S. and EU regulations and related standards development processes with the objective of reducing costs associated with unnecessary regulatory differences.

The International Organization of Standardization (ISO) is a standard setting body covering a broad range of products and services, including those affecting the recreational marine industry. Though NMMA and other U.S. marine industry groups work with ISO to set compatible boat and engine standards, many ISO standards are different to those requirements of U.S. regulatory bodies such as the United States Coast Guard and Environmental Protection Agency.

The American Boat & Yacht Council (ABYC) is a U.S. non-profit organization created to develop safety standards for the design, construction, equipment, repair and maintenance of boats. ABYC develops standards based on extensive consultation with a standards development technical board, comprised of industry stakeholders and technical experts. ABYC's voluntary, consensus-based standards have evolved into a vital supplement to the mandatory USCG regulations, which are grossly out of date. NMMA is committed to boating safety and quality through its extensive certification program which incorporates ABYC safety standards. Together, NMMA certification and ABYC safety standards aim to ensure U.S. manufacturer's boats meet USCG federal regulations and the most rigorous of safety standards.

Similar to the USCG regulations and ABYC standards, the EU mandates safety standards through recreational craft directives and requires CE certification for all recreational boats entering or being sold in the European Union. Manufacturers must test and document to ensure conformity to all applicable European directives and requirements. CE certification is obtained from Notified Bodies, organizations that are recognized by European states to conduct CE assessments. U.S. marine manufacturers are therefore required to build their products to two different manufacturing and emission standards in order to sell in the U.S. and export to the EU. This product segregation causes increased production and manufacturing costs as well as the research and development required to comply with differing standards.

NMMA manufacturers sustain significant costs to meet CE certification requirements and related inspections, while also meeting USCG requirements and ABYC standards through NMMA certification. Having the EU accept NMMA or ABYC certification in lieu of CE certification would significantly reduce manufacturer costs and open new markets for U.S. marine manufacturers.

Manufacturer costs are reduced when there is a single global standard that would ensure that EU and U.S. boat building standards and certifications are compatible. NMMA has been actively engaged with European groups such as ISO and ICOMIA, the International Council of Marine Industry Associations, to

focus on standards compatibility. Through our efforts, standards such as vessel capacity labels have been harmonized between the EU and U.S., significantly reducing manufacturer costs. NMMA requests the TTIP talks promote standards compatibility and harmonization for U.S. manufactured products.

Reduction in barriers to trade and customs facilitation

NMMA would like to see an elimination of all tariffs and other duties and charges on trade for consumer products, including recreational boats, between the United States and European Union. Currently the EU tariff schedule varies for outboard motorboats, inboard motorboats and outboard marine engines. NMMA supports elimination or reduction of all U.S. motorboat and marine engine tariffs entering the EU. These tariffs increase costs for U.S. manufacturers, deterring export growth. Additionally, some EU countries impose additional tariffs for larger boats. For example, Spain imposes a luxury tax for boats above 8 meters. Any tariff imposed on boats exported to the EU should be consistent across all EU countries.

NMMA supports efforts that ensure transparent, efficient and predictable conduct of customs operations. Delays in customs and unexpected duties severely burden our small and medium size manufacturers who are exporting to the EU. NMMA members often face barriers for the shipment of parts and brochures into the EU. When manufacturers send parts for warranty repairs at no charge, dealers can still encounter duties on the parts despite the replacement parts are of no charge. This confuses the manufacturer- dealer relationship and obligations.

Similar customs issues occur for marine manufacturers sending product brochures and warranty materials to EU marine dealers. Brochures are seized or delayed at customs due to lack of declared value. Additionally, some marine manufacturers warranty brochures are rejected all together because they are not in the country's home language. Translating owner's manuals, brochures, and warranty materials into the home language for every EU country is an incredibly burdensome cost for U.S. marine manufacturers. NMMA urges you to consider these examples of customs barriers to trade that unnecessarily burden manufacturer costs and delay warranty repair timing.

Environmental Protection

Environmental provisions in the TTIP negotiations should balance recreational access with resource conservation. EU- U.S. trade negotiations should support the sustainability of international fisheries, allow for recreational boating and fishing access, and not impose costly and unrealistic supply chain tracking mechanisms and import declarations.

Enhanced Cooperation

NMMA maintains strong ties to European regulatory and standard-setting bodies such as ISO and ICOMIA. We look forward to continuing our relationship in harmonizing standards and ensuring regulatory compatibility for marine products. Enhanced dialogue between U.S. federal agencies, including the USCG and US EPA, and the European Commission will assist in harmonization efforts and



ensure lower barriers to trade for U.S. manufacturer's products entering the EU and being built to compatible safety and environmental standards.

NMMA looks forward to working with your Administration and Congress to ensure that the ultimate EU-U.S. trade agreement will produce meaningful new commercial opportunities and reduce costs and barriers for U.S. manufacturers. We appreciate this opportunity to provide comments to the USTR during these trade negotiations. If you have any questions or need additional information, please do not hesitate to contact Nicole Vasilaros at nvasilaros@nmma.org or 202-737-9763.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Dammrich", is written over a light gray circular watermark that contains the text "NMMA".

Thomas J. Dammrich
President
National Marine Manufacturers Association