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The Honorable Demetrios Marantis  
Acting U.S. Trade Representative  
601 17<sup>th</sup> Street, NW  
Washington, DC 20508

**RE: Docket USTR-2013-0019, Request for public comments regarding the proposed Transatlantic Trade and Investment Partnership (TTIP) agreement with the European Union (E.U.)**

Dear Mr. Ambassador,

I write to submit comments on behalf of Navistar International Corporation regarding the proposed TTIP agreement.

### **Navistar**

Navistar manufactures commercial trucks, recreational vehicles, armored vehicles, school buses and the diesel engines that power them. We employ approximately 12,000 people across the United States, are one of the largest commercial vehicle manufacturers in the Americas and, with some effort, we export our products to over 60 countries around the world.

As 20% percent of our products are sold for use outside of the United States, Navistar is a strong proponent of freer trade. Opening the markets of the European Union to U.S. exports by putting commercial vehicles on an even regulatory playing field would be a significant achievement and the percentage of revenues we derive from exports, as well as the number of jobs supported by them, would grow.

### **A Two Standards World**

The U.S. developed the Federal Motor Vehicle Safety Standards, or FMVSS, to ensure the safety of commercial vehicles on its roadways. The E.U. developed a series of "mandates" which, through the auspices of the United Nations, has been adopted by, and forms the foundation of, vehicle safety laws for most nations around the world. Both systems require manufacturers like Navistar to engineer and produce similarly safe vehicles. But a truck manufactured to meet one standard cannot, without modification, be certified in a country observing the other standard.

To give you some context, it can cost upwards of \$4 million per model to make the modifications necessary to sell a U.S. truck in a European market. Because the E.U. has done a masterful job of promoting its regulatory standards around the world, commercial vehicles engineered to meet E.U.

standards can be sold just about everywhere outside of the U.S. and Canada with only minor adjustments. However, commercial vehicles engineered to meet U.S. FMVSS standards require moderate to major reengineering before they can be sold in Europe, Asia, Australia, parts of Africa and much of South America.

Standards meant to ensure safety have become de-facto technical barriers to trade.

### **Compatible Performance – Million Dollar Differences**

Emissions standards are also an area in need of attention. EPA 2010 and EURO VI are the emissions regulations in place in the U.S. and the E.U., respectively. They are functionally equivalent – both produce near zero emissions. But a diesel engine designed to meet one standard requires millions of dollars in modifications and testing to meet the other.

Regulatory harmonization that recognizes the functional equivalence of the two standards would promote trade without harming the environment.

### **Divergent Measures – Divergent Designs**

E.U. regulations generally measure truck lengths from the front bumper of the tractor to the rear of the trailer. In the U.S., at least since the 1980s, we primarily measure the length of the trailer. This regulatory divergence has driven the development of two, contrasting schools of truck design: streamlined aero-nosed products in the U.S. and shorter, blocky cabovers in the E.U. And while U.S. aero-nosed truck tractors are not specifically banned in the E.U., they are at an economic disadvantage because every measured inch of the tractor up front means less space for paying cargo.

While aero-nosed trucks are longer, they enjoy many advantages over their cabover brethren. They are more aerodynamic and fuel efficient, and therefore, produce fewer greenhouse gases. And they are every bit as safe as their European counterparts.

Unless the TTIP includes harmonization of truck length measurements, U.S. commercial vehicles will remain at a regulatory and economic disadvantage.

### **KORUS-FTA as a Model**

We believe the KORUS FTA provides an excellent model for future FTAs to follow with regard to auto regulation. The following text from the February 10, 2011 auto regulatory letter is particularly relevant:

*"Korea shall provide that an originating motor vehicle produced by a [U.S.] manufacturer that sold no more than 25,000 originating motor vehicles in the territory of Korea during the previous calendar year shall be deemed to comply with the Korean Motor Vehicle Safety Standards (KMVSS) if the manufacturer certifies that the motor vehicles complies with U.S. Federal Motor Safety Standards (FMVSS)."*

The broad regulatory relief provided by the quoted text helped to pave the way for a jump in passenger car exports from the U.S. to South Korea between 2011 and 2012.

### **The Devil's in the Details**

The commercial vehicle sector, however, has not seen a similar boost. Exports of heavy duty trucks grew from 0 to just 2 over the same time period. Why the disparity? Because two sentences later, the following provision appears in the February 2011 auto regulatory letter:

*"Notwithstanding Paragraph 1, commercial vehicles shall comply with the KMVSS items identified in the attached annex."*

Compliance with the 16 "items" in the annex is a multi-million dollar effort. And because one of the 16 KMVSS items U.S. heavy duty commercial vehicles have to meet is a strict length limit, worded almost identically to the corresponding E.U. "Mandate," U.S. aero-nosed products will be limited to niche applications where operators can obtain a waiver – such as steel hauling.

The two trucks mentioned earlier that were exported from the U.S. to South Korea in 2012 were Navistar products. And we intend to follow those up with dozens more this year.

However, if we were not saddled with a meeting an E.U. inspired length regulation, we could instead sell two to three times more trucks in South Korea each year. And, of course, more exports mean more manufacturing jobs. That's true for Navistar, in particular, and the U.S. manufacturers, in general.

We at Navistar would welcome the opportunity to work with you to create an environment more conducive to cross-Atlantic trade.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Troy Clarke", written in a cursive style.

Troy A. Clarke  
President and CEO

