



JOHN MALONEY

President & CEO

May 7, 2013

**VIA ELECTRONIC MAIL
NO HEARING TIME REQUESTED**

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

Re: Request for comments – Transatlantic Trade and Investment Partnership

Dear Sir:

On behalf of Volvo Cars of North America, LLC, we respond to your solicitation of comments on those negotiating objectives which the United States should consider in the upcoming U.S. –European Union 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. (78 *Fed. Reg.* 19566)

Volvo Cars of North America is the exclusive distributor in the United States of the full line of Volvo automobiles and automotive aftermarket parts produced or supplied by our parent corporation, Volvo Car Corporation of Gothenburg, Sweden.

Your invitation to comment identifies a variety matters that are under consideration for these trade negotiations, and, without impairing the importance of the enumerated issues, Volvo would like to focus here on the importance of an elimination of duties on imported vehicles and parts therefor. VCNA also strongly supports regulatory harmonization and that issue is addressed in the comments of our trade association (Alliance of Automobile Manufacturers).

Volvo Cars of North America, LLC

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Volvo prides itself as a worldwide leader in both automotive safety application and innovation. There are literally hundreds of stories within our company of customers and their passengers who survive serious accidents because of the safety features and durability of the Volvo automobile. Thus, our goal is to make the driving public as safe as possible by affording the average American family the opportunity to drive a Volvo. The challenge to Volvo as a company continues to be the development of a safe and efficient vehicle that can be sold at the lowest possible price. As a practical matter we are very mindful that safety and durability features tend to be expensive, and therefore as the safety features of the Volvo are enhanced and refined, we are facing the prospect of an increased cost to the retail purchaser.

The continuation of existing rates of duty on imported Volvos has the ultimate effect of increasing the retail price of a Volvo vehicle by as much as [\$1000], with no return to the customer of that cost element. Because an important target market for Volvo is the American family with young children – a market segment that is already facing heavy everyday living expenses – the increase in the landed cost of the Volvo by reason of customs duties can create an obstacle to purchasing.

Volvo's preference, of course, would be to have all duties on automobiles eliminated upon the implementation of the Agreement. The Company is aware that, historically, negotiating governments address duty reductions in one of two modalities. Either the parties agree to an immediate reduction or a phased-in reduction, generally over five or ten years, depending upon the threshold rate. In past trade agreement negotiations, the United States, as a general matter and subject to exceptions, set as a target the immediate elimination of duties on merchandise for which the threshold rate is 5% or less and a phased in reduction when the threshold rates exceed that amount. We believe that the USTR should adopt a similar negotiating posture for TTIP.

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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 1947 Geneva Round of trade talks. 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 the increases in trade flows 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.

Thus, for the above reasons, we urge that among your negotiating objectives you target the elimination of duties on automobiles and their parts.

Trade Sensitivities.

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, as one would consider, for example, poultry, sugar, and textiles. Therefore, we do not believe that a reduction or elimination of duties will create any new level of trade sensitivity.

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

Very truly yours,

A handwritten signature in blue ink, appearing to read "John A. Maloney".

John A. Maloney
President and CEO
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