
TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP

BACKGROUND

The US is in ongoing negotiations with the European Union to create a US-EU Free Trade Agreement, to be known as the Transatlantic Trade and Investment Partnership (TTIP). The TTIP will be used to address market access and regulatory barriers that inhibit trade, and modernization of trade rules. Auto manufacturers on both sides welcomed the news of the negotiations and see many opportunities to address regulatory and safety issues. Many view the TTIP as an opportunity to strengthen and build the strategic partnership between the U.S. and the EU that benefits all countries involved.

The President once again renewed his commitment to the agreement during his 2015 State of the Union address. “Today, our businesses export more than ever, and exporters tend to pay their workers higher wages. But as we speak, China wants to write the rules for the world’s fastest-growing region. That would put our workers and businesses at a disadvantage. Why would we let that happen? We should write those rules. We should level the playing field. That’s why I’m asking both parties to give me trade promotion authority to protect American workers, with strong new trade deals from Asia to Europe that aren’t just free, but fair.”

Automotive executives across the Atlantic agree, they are on record as stating the TTIP pact would unlock some 5 billion euros in cost savings by harmonizing technical standards and regulations.

POSITION

AIADA and the nearly 500,000 employees of the nearly 10,000 international nameplate franchises with a total combined average payroll of \$25 billion strongly support a successful TTIP negotiation. The truth is that free trade spurs global competition. That competition, combined with adaptable skills and hard work, is inextricably connected to the drive for continued innovation, productivity, and ultimately, more abundant and desirable choices for American consumers. Growing the world’s largest economic relationship, which already accounts for one third of all goods and services trade and nearly half of global economic output, is a win for all those involved.

MORE ABOUT THE ISSUE

- In 2012, US-EU trade in motor vehicles and auto parts totaled approximately \$57 billion, accounting for 9 percent of total bilateral trade of \$646 billion.
- According to the London-based Centre for Economic Policy Research (CEPR), the TTIP would boost U.S. exports to the EU by \$300 billion annually, add \$125 billion to U.S. GDP each year, and increase the purchasing power of the typical American family by nearly \$900—with similar benefits for Europeans.
- Working through the USTR the partnership will aim to boost economic growth in the United States and Europe and add to the over 13 million American and European jobs already supported by transatlantic trade and investment.
- TTIP should eliminate tariffs on automotive products. In 1963, in response to European tariffs on U.S. exports of frozen chicken, U.S. trade officials began collecting a 25 percent tariff on imported trucks; many have named it the “chicken tax”. While most retaliatory tariffs are eliminated when the trade dispute is resolved, the import truck tariff was written into law, and has remained on the books for five decades. This high tariff is out of sync with general U.S. trade policy. Today, the average U.S. import duty on imported manufactured goods is 3.3 percent. In other words, the tariff on imported trucks is nearly seven times higher than the average U.S. tariff on manufactured products. It is also ten times higher than 2.5 percent tariff on imported cars. The 50-year-old import truck tariff has long outlived its original purpose; the U.S. has negotiated the eventual elimination of the import truck tariff in every free trade agreement it has completed and it is time to do so with TTIP.
- The Association of Global Automakers additionally recommends and supports: regulatory convergence; utilization of existing structures for global harmonization of future regulations; flexible rules of origin for automotive products; mutual recognition of trusted trader status, with attendant benefits; state-of-the-art customs processes; and self-certification of TTIP status.