



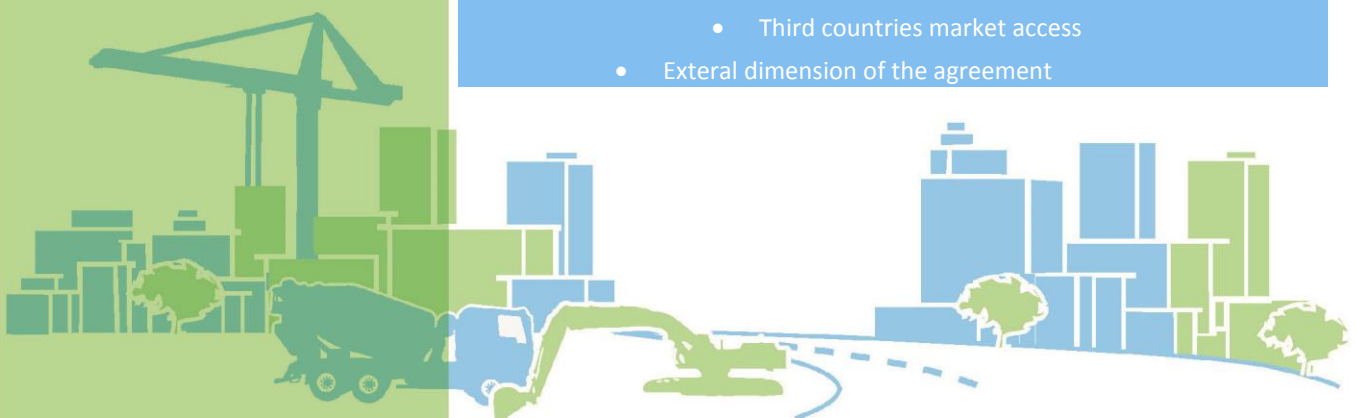
Position Paper on the Transatlantic Trade and Strategic Partnership

# The Construction Equipment Industry on TTIP

14 April 2014

## EXECUTIVE SUMMARY

- What TTIP means for the Construction Equipment Sector
- Elimination of transatlantic tariffs, without transitional periods
- Coordinated and coherent EU-US legislative and regulatory approach for machinery:
  - On environmental requirements
  - Harmonisation of standards
  - Public procurement liberalisation
  - Third countries market access
- External dimension of the agreement





## What is CECE

CECE (Committee of European Construction Equipment - [www.cece.eu](http://www.cece.eu)) is the recognised organisation representing and promoting the European construction equipment and related industries in order to achieve a fair competitive environment via harmonised standards and regulations. CECE is a European network consisting of a secretariat in Brussels and national association offices in 14 different European countries. The industry behind CECE comprises 1,200 companies. In 2013, these equipment manufacturers had a total turnover of 25 billion € and employed 130,000 people directly, plus the same amount of people indirectly.

## Background

On 14 June 2013, the Member States gave the European Commission the green light to start trade and investment talks with the United States. The negotiations will aim at removing trade barriers (tariffs, unnecessary regulations, etc.) to make it easier to buy and sell goods and services between the EU and the US. The EU and US also want to make it easier for their companies to invest in each other's economy. The EU-US trade relationship is already the biggest in the world – every day we trade goods and services worth €2 billion.

This agreement, the biggest bilateral trade deal ever negotiated, could result in millions of euros of savings to companies and create hundreds of thousands of jobs. Together the EU and the United States account for almost half of global GDP and one-third of total world trade. According to an impact assessment by the Commission, a comprehensive trade and investment agreement could increase EU GDP by between 0.27 % and 0.48 %, and EU gross national income by up to € 86 billion. Bilateral EU exports would rise by 28% and bilateral US exports would increase by 36%, creating thousands of jobs on both sides of the Atlantic. Some also estimate a significant spill-off effect (GDP increase +100 bio/€).

## What does TTIP mean for our sector?

In 2012, the EU-27 exported mechanical engineering goods to the U.S. that account for an overall volume of more than 37 billion €. The construction equipment industry represents a significant share of mechanical engineering. As an example, some 1,52 billion € worth of self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and roadrollers were exported from the EU27 into the US in 2012, representing 20% of total industry exports from the EU27 for these product lines (Source: Eurostat).

## Our view on the EU-US negotiations for TTIP

The massive potential towards growth and jobs of a comprehensive transatlantic trade and investment agreement will benefit the European Construction Equipment Industry, by re-launching the economy and enabling both blocks to engage in much needed investment in infrastructure (including telecommunications, energy and transport) and construction.

Better access and facilitated trade in raw materials and commodities should also be tackled within the TTIP discussions.

### 1. Tariff barriers

Since the Uruguay round, tariffs are not the major obstacle to transatlantic trade for the Construction Equipment sector. However, we still have about 2% tariffs on engines and parts (inter alia, remaining tariffs still apply on product codes 8408 8409 8431). This is not a particularly high tariff. However, it should be considered that it applies to a large volume.



As an industry, we call for the complete elimination of remaining transatlantic tariffs in our sector as soon as possible, preferably without transitional periods. In general, we call for the rapid elimination, or at least for a scheduled phase out (with the shortest transition period possible) of all industrial tariffs and being as ambitious as possible for the reciprocal liberalization of non-industrial tariffs.

## 2. Technical barriers to Trade (Regulatory convergence)

In order to be comprehensive, TTIP should especially target existing and future non-tariff barriers through regulatory cooperation.

In order to get the most out of the deal for European construction equipment industries, CECE has identified a number of topics within the field of regulatory cooperation to be focused on.

There is a concrete need to ensure a coordinated and coherent EU-US legislative and regulatory approach for machinery. The agreement should solve the current discrepancies as much as possible, but also create the basis for future alignment when developing new legislation to enable growth and jobs on both sides of the Atlantic.

### 2.1 Alignment on environmental requirements for construction equipment

Firstly, some work still needs to be done to achieve regulatory coherence and standards harmonisation in the field of engine emissions. The same goes for the mutual recognition of design requirements and provisions between EU and US. Common standards should apply to construction equipment, in particular when it comes to environmental protection (i.e Exhaust emissions). In recent years there has been alignment between EU and US legislations. However, this should be enhanced and formalized in the future, through a specific agreement and regular communication between the decision makers.

### 2.2 Harmonisation of standards for construction machinery

The multiplication of regional and national standards has a negative impact on trade and increases the costs for companies preventing their product to be accepted everywhere.

TTIP should promote the harmonised development of standards and the general acceptance of ISO standards whenever possible.

ISO is the world's largest developer of standards which can cover almost all aspects of technology and manufacturing.

Our sector does believe that third party certification would bring no added value to the level of safety and environmental performances of our products.

### 2.3 Public procurement liberalisation

European companies have faced important difficulties in the past to meet the selection criteria of public procurements and win tender under the current regulatory system in place in the US (ARRA Buy American), which requires local content regulation and/or certification.

The EC must discuss with their counterpart the possibility for European companies which have invested or created jobs (directly or indirectly, e.g in the supply chain) in the US to be given equal treatment when bidding on the contracts with the local content requirements at federal, national and regional levels.

### 2.4 Third countries market access for re-manufactured products

The EU and the US need to adopt the same approach when it comes to restrictions on remanufacturing, which are often applied by third countries.



There is a concrete urgency to eliminate third-country restrictions, on industrial machinery remanufactured products and cores and extend same as new treatment to remanufactured finished goods.

The TTIP should implement a common definition for these products and encourage unrestricted trade of these high-quality, environmentally friendly goods. Countries participating in the global economy should consider remanufactured goods the same way they consider new finished products.

### 3. The external dimension of the agreement

In order to ensure global regulatory convergence on highly specialized machines like construction equipment, all efforts should be engaged to leverage the potential of the Transatlantic cooperation, while keeping the developments open to other large economies to join and compatible with other initiatives aiming for comparable levels of regulation.

### Conclusion

EU and US negotiators held a fourth round of talks on a planned Transatlantic Trade and Investment Partnership (TTIP) in Brussels between 10-14 march 2014. This was followed by the EU-US Summit on 26th March.

At CECE we acknowledge that we are now at a crucial stage of the discussions, and that many obstacles prevent integration of the construction equipment sector in the negotiations on tariffs and technical barriers.

CECE is calling on the European Commission to include the construction equipment industry in the negotiations on tariffs and TBT.

Within such framework, the European Commission should focus its actions on those points that are crucial for the construction equipment industry, which represents 130000 direct jobs and 25 bn € within the EU.