



EU-US TRADE AGREEMENTS NEGOTIATIONS - EUROPEAN COMMISSION'S DRAFT NEGOTIATING MANDATES

SEA EUROPE PRELIMINARY INPUT

Executive Summary:

SEA Europe's key priorities in the context of the upcoming EU-US trade negotiations are as follows:

- a) Achieving a complete removal of customs duties on industrial goods (incl. maritime equipment);*
- b) Broadening the existing EU-US mutual recognition agreement on maritime equipment as well as ensuring conformity as regards approval procedures and test requirements.*

1. Background

On 18 January 2019, the European Commission published the [draft negotiating directives](#) for two potential agreements with the US: a trade agreement focused on the removal of tariffs on industrial goods, and a second agreement on conformity assessment. These trade negotiations follow the Joint Statement agreed by European Commission President Juncker and US President Trump on 25 July 2018. SEA Europe, representing the European maritime technology industry i.e. encompassing shipbuilding and maritime equipment manufacturing, would like to provide its input in view of the ongoing discussions at EU and Member States level.

2. SEA Europe's General comments

SEA Europe has been advocating for years a relaxation of the US Jones Act¹'s Build-in requirement, at least for European specialized vessels, maritime products and repair services, and of similar legislative restrictions to imports of ships as well as the opening of the US public procurement market (i.e. Buy America Act). Such requests were reiterated more recently in the context of the EU-US TTIP trade negotiations which were regrettably suspended in 2017.

SEA Europe understands that due to the changed political context the forthcoming negotiations are bound to be very different from the TTIP talks, their scope (as defined by the parameters of the Joint Statement issued on 25 July 2018) being regrettably narrower than a full Trade and Investment Partnership Agreement. Hence, SEA Europe has focused its input only on the two draft negotiating directives currently under discussion. Nevertheless, SEA Europe strongly hopes that new opportunities will arise again in a not too distant future to advance the European maritime technology industry's offensive interests in relaxing the long-standing US maritime legislative restrictions as outlined above.

3. Comments on the two Draft Negotiating Mandates under discussion

a) *Removal of tariffs on industrial goods*

SEA Europe supports the European Commission's draft negotiating mandate on the abolition of customs duties on industrial goods. While duties on industrial goods are quite low on both sides of the Atlantic, a complete removal of the existing duties on exports to the US would greatly benefit the European maritime equipment manufacturers, in particular the small and medium-sized producers.

¹ The Jones Act, Section 27 of the Merchant Marine Act of 1920, requires that any ship carrying merchandise between two American ports and points must be American made, owned by US citizens, operated by a crew of US citizens (at least 75%) and carry a US flag. As a consequence of the Jones Act and its subsequent revisions, the European shipbuilding industry including ship repair and maintenance has been effectively excluded from selling vessels to be used in American coastwise trades. In addition to the Jones Act, there are also public procurement restrictions related to the "Buy American Act" and restrictions for American shipowners to repair their ships outside the US.

b) Conformity Assessment

SEA Europe equally supports the Commission's draft negotiating mandate on conformity assessment, not least because the latter provides in our view for the possibility of **extending the existing agreement between the EU and the US on mutual recognition in maritime equipment** (EU-US MRA on Marine Equipment, cf. Council Decision 2004/425 / EC).

The EU-US Mutual Recognition Agreement (MRA) aims to simplify conditions for marine equipment manufacturers wishing to obtain both the US Coast Guard (USCG) type approval and the EU Marine Equipment Directive certificates of conformity (MED 2014/90 / EU). The agreement aims to ease the administrative burdens and costs for maritime equipment manufacturers in the form of fewer tests and certifications, but also to facilitate trade between the EU and the US in the field of maritime equipment and to promote bilateral cooperation on the international regulations issued by the IMO. The original MRA product scope comprises 43 products divided into three main categories: life-saving equipment, fire protection equipment and navigation equipment.

Extending the product scope under the existing EU-US MRA agreement is important in order to ensure equal approval for equipment aimed at reducing the environmental impact of shipping. This should apply, for example, in relation to approval and thus sales of so-called exhaust gas cleaning systems (commonly known as “scrubbers”) which reduce emissions of harmful SOx and ultrafine particular matter emissions from ships. It should also apply in relation to the approval of equipment treating ballast water, which is regulated by the Ballast Water Management Convention and IMO guidelines, as the current approval requirements for equipment in the EU and the US are not the same. A broader range of marine equipment which aim at enhancing maritime safety should also be included in the scope.

4. Conclusions

European manufacturers are global leaders in the development and production of advanced maritime equipment and innovative maritime technology solutions which aim to reduce the environmental and climate impact of shipping. They have therefore considerable offensive interests in securing conformity in the approval processes for their equipment in the respective geographical markets.

SEA Europe trusts the above comments will be taken into due account in the context of the discussions on the draft negotiating mandates for the European Commission in view of its future talks with the US, and remains available for any additional information or clarification required.

Background Note:

SEA Europe represents close to 100% of the European shipbuilding industry in 16 nations, encompassing the production, maintenance, repair and conversion of all types of ships and floating structures, commercial as well as naval, including the full supply chain with the various producers of maritime systems, equipment material, and services. Europe is currently the global leader in terms of aggregated production value; European shipyards (some 300 in total) generate an overall production value of 41 billion Euro and directly employ 262,000 people; some 28,000 European maritime equipment manufacturers generate a total production value of 71 billion Euro and directly employ some 340,000 people. European maritime equipment manufacturers also have a global market share of almost 50%. The calculated total value of the European maritime technology sector is 112.5 billion Euro and total employment (direct and indirect) is estimated to exceed 900.000 jobs.

Contact Information:

SEA Europe asbl
Rue de la Loi 67 (4th floor)
1000 Brussels - Belgium
tel. +32 2 230 27 91
info@seaeurope.eu