



EU-U.S.: Call for proposals for regulatory cooperation activities

April 29, 2019

European Boating Industry is grateful for the opportunity to comment on the regulatory cooperation activities between the EU and the USA, and warmly welcome the initiative.

We are cooperating closely with NMMA (USA Association of the nautical industries) and ICOMIA (International Council of Marine Industry Associations) as we are convinced that the European boating industry needs a transatlantic approach. Our view is that mutually beneficial economic growth is achievable through tariff elimination, simplified certification procedures and internationally harmonized standards.

As Commissioner for Trade Cecilia Malmström said: trade means jobs. In our case, trade is vital as we are an export-oriented industry.

The boating industry in the EU and in the USA

Recreational boating is a significant contributor to the US and European economy, contributing \$41 billion in annual US sales through 691,000 jobs and 35,000 businesses. For the European Union, the boating industry is a significant contributor to the economy, accounting for over 32,000 businesses directly employing more than 280,000 people and generating an annual turnover of nearly 20 billion euros. Our industry was vocal during the Transatlantic Trade and Investment Partnership (TTIP) discussion and we would like to reiterate our support of reducing technical barriers to trade that address standards harmonization, regulatory convergence and conformity assessment procedures.

The US and EU are natural trade partners and have a long tradition of exchanges in the boat industry. The US and the EU remain the two largest boating markets in the world and represent about 80% of the world's production (boats, engines, equipment, components, accessories) and also 80% of the world's boating market. The US and the EU share similar boating cultures in the way boats are used and recreational watersport activities are practiced. This is further reflected by the fact that the safety and environmental rules are similar in both regions. For instance, the EU revised its Directive on Recreational Craft to align the new limits for engine exhaust emissions with the US EPA Rules.

Regulatory convergence and coherence

Fragmented rules place significant burdens on product design and regulatory coherence will improve the business climate in all markets.

Manufacturer costs are reduced when there is a single global standard that would ensure that U.S. and EU boat building standards and certifications are compatible.

We advise you to focus on addressing the following:

1. Certification

a. Simpler ISO standards

The breadth and complication of ISO standards make it difficult for many manufacturers to interpret and comply. Manufacturers without the ability to dedicate an entire engineering team to ISO standards, will be prevented from understanding complicated ISO requirements like stability, scantlings, windows, hatches and port lights, and drainage. Simple, easy to use, and effective standards models like those employed by ABYC make it easier for manufacturers and engineering teams to comply and therefore produce vessels for international markets. No discernable safety issues can be attributed to the different standards, just complications requiring a high level of expertise.

b. Better acceptance of ISO standards

The EU Recreational Craft Directive (2013/53/EU), the US Code of Federal Regulations and the US agencies address the legal and mandatory requirements for the boating industry. In Europe, the Recreational Craft Directive is supported by over 60 standards, most of which are harmonized EN ISO standards covering the essential safety and environmental requirements of the Directive. In the US, the American Boat & Yacht Council (ABYC) develops and maintains voluntary safety standards for the design, construction, equipment, repair and maintenance of boats. ABYC develops standards, through ANSI processes, based on extensive consultation with standards project technical committees, a development technical board, comprised of USCG, industry stakeholders and technical experts.

Although the use of standards is voluntary, increased efforts by the industry have been made in the recent years in order to bring more convergence between the US standards and the EN ISO standards used in Europe. Where technical standards are not harmonised between the EU and the USA, parties should agree to the principle of mutual recognition.

However, there is a lack of Reciprocity of ISO to ABYC or other national standards. Manufacturers who use a harmonised ISO standard are presumed to be in conformity with the RCD. The RCD allows for other standards to be used, but the onus is on the boat builder to show conformity with the RCD essential requirements. Notified Bodies are typically unwilling to accept non-ISO standards as conforming to the essential safety requirements. This creates a monopoly for ISO standards in European markets. We ask negotiators to consider the principle of mutual recognition between ABYC and ISO standards.

c. Recognition of standards

When the requirements are different but compatible, in the sense that a requirement from one side of the Atlantic is stricter than on the other side, the product which comply with the strictest requirement will comply with the other.

In order to simplify trade between Europe and the US, European Boating Industry propose that the USA and the EU agree on which US and EU standards can be recognised as “substantially” equivalent. In this area, US or EU standards could be used alternatively in the future. Double certification and thus double costs in this area could be avoided.

2. Conformity Assessment: One-stop shop

In order to limit the double cost of conformity assessment for products that are almost identical for both markets in terms of safety and environmental requirements, we propose to allow notified bodies in Europe and their US equivalent bodies to become a "one-stop-shop" being able to offer conformity assessment procedures according to both the EU recreational craft directive and the US regulations, depending on the market destination of the product.

In any case, recreational craft sold on the EU market would have to undergo the assessment foreseen in the EU recreational craft directive, and reciprocally for the US market. The boating industry which is mainly composed of small and medium sized enterprises sees a significant gain at this simplification, which will reduce the costs of trade between Europe and the US without jeopardizing existing regulations in place in both markets.

3. Regulatory dialogue between the EU and US agencies

European Boating Industry also call for a formal mechanism to be implemented that will guarantee a regulatory dialogue between the European Commission and the relevant US agencies (US Coast Guard and Environment Protection Agency) in the field of maritime industries, with a particular attention to avoid additional technical requirements for RCD certified craft.

The calendar could also be aligned: in the USA, the new standards apply once a year, in July. In the EU, this takes place twice a year, with transition periods. This creates perturbations in the application of the new standards.

Tariffs

We support the matching and/or the elimination of tariff schedules for recreational craft, their components and other accessories.

The steel and aluminium dispute has dramatic consequences for our industry, as expressed in several letters which we sent to the European Commission. For instance, in Germany, as a result of the higher US tariffs on imports and in response the EU imposition of punitive tariffs, the US shipyards did not offer discounts to their dealers in order to cushion the rise in cost, and US boats were 25% more expensive for EU countries. We encourage negotiators to come to a resolution on steel and aluminium tariffs while ongoing cooperation is being discussed between the EU and the USA.

European Boating Industry remains at the disposal of the European Commission for any clarification and additional information on the submitted comments.

The European Boating Industry represents the interests of the European leisure marine industry and its members. Our work facilitates our members' access to the EU Single Market (for boating industry – a harmonised market) of all Member States and over 500 million people.

The boating industry is a significant contributor to the European economy, accounting for over 32,000 businesses directly employing more than 280,000 people and generating an annual turnover of nearly 20 billion euros.

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