

July 12, 2017

The Honorable Robert E. Lighthizer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

**Re: North American Position Statement of Automotive Aftermarket Groups
Regarding NAFTA Renegotiation**

Dear Ambassador Lighthizer,

The following is the position of the automotive aftermarket representing the countries of the United States as represented by the Auto Care Association, Canada as represented by the Automotive Industries Association of Canada (AIA), and Mexico as represented by Asociación Nacional De Representantes, Importadores y Distribuidores de Refacciones y Accesorios Para Automóviles, A.C. (ARIDRA).

The undersigned aftermarket trade groups from the three NAFTA signatory countries strongly support NAFTA. The regional agreement benefits the membership of our three groups, as well as the economy of all three countries. However, while NAFTA may have been "state of the art" when negotiated and implemented in the early 1990s, it is now nearly 25 years old and could benefit from a modernization effort.

While much of the attention has been focused on the NAFTA provisions that eliminated import tariffs on goods, NAFTA does much more than just reduce tariffs/duties. It includes provisions to facilitate customs administration, it provides for protections for service providers, it includes investment disciplines that protect the rights of foreign investors, it protects intellectual property rights and it facilitates business travel.

NAFTA's elimination of tariffs, foreign investment protections and opening of the services markets facilitated the integration of regional supply/value chains. In the auto care sector, this includes duty-free movement of raw materials, components and finished goods, and favorable investment environments for distributors and retailers seeking to expand to NAFTA countries. Simply put, NAFTA established rules that promote consistency and predictability for all of our nation's manufacturers, retailers, distributors and service providers.

Absent NAFTA, import tariffs would revert World Trade Organization (WTO) rates for trade among our three countries. This would cause extensive differences in duty rates for auto parts. The elimination of these duties under NAFTA promotes integrated supply chains, cost efficiencies and more options for U.S. purchasers and consumers. Moreover, NAFTA promotes foreign direct investment in all three countries and protects these investments by our member

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companies in the economies of the NAFTA partners. It also contains provisions that protect service providers and intellectual property rights that are important to our members.

With respect to modernizing the agreement, the three trade groups support including ecommerce provisions and efforts to streamline/modernize customs procedures. A sizable number of citizens of all three countries do at least some shopping online, and one of NAFTA's largest shortcomings is its lack of ecommerce provisions that protect and promote cross-border transactions. Likewise, tremendous strides have been made in trade facilitation since NAFTA was adopted. NAFTA's customs administration provisions should be consistent with the WTO Trade Facilitation agreement, and negotiators should seek to identify way to reduce border wait times and obstacles that impact exports by our members.

In conclusion, the three associations strongly support maintaining NAFTA and efforts to modernize the agreement. Those modernization efforts should expand on the existing framework that protects investments, facilitates trade and creates competitive value chains that benefit our members and their customers.

Sincerely,



BILL HANVEY
President and CEO
Auto Care Association



JEAN-FRANCOIS CHAMPAGNE
President
Automotive Industries Association of Canada (AIA)



ALEJANDRO CALDERÓN BELLO
President and CEO
ARIDRA

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About the Auto Care Association. The Auto Care Association is the voice of the \$356.5 billion auto care industry. Our nearly 3,000 member companies represent some 150,000 independent automotive businesses that manufacture, distribute and sell motor vehicle parts, accessories, tools, equipment, materials and supplies, and perform vehicle service and repair. Our members include businesses with operations in the United States, Canada and Mexico. In addition, our members depend on well-established, integrated supply chains that increase competitiveness and product offerings for our members' customers. To learn more, please visit www.autocare.org.

About AIA. The Automotive Industries Association (AIA) of Canada is the national trade association that brings together the entire automotive aftermarket supply and service chain. AIA's mandate is to promote, educate and represent members in areas that impact the growth and prosperity of the industry. To learn more, please visit www.aiacanada.com, follow [@AIAofCanada](https://www.facebook.com/AIAofCanada), or like [facebook.com/AIAofCanada](https://www.facebook.com/AIAofCanada).

About ARIDRA. ARIDRA is a civil association, which includes manufacturers, representatives, importers and distributors of automobile spare parts and accessories. It represents the image of the aftermarket in Mexico since 1943. It acts on behalf of members on matters of common interest to help its strategic development and improving their business environment. Currently has 148 members in Mexico. To learn more, please visit www.aridra.com.