

AEM-CECE Joint Statement on Free Trade and Against Tariffs

Equipment manufacturers on both sides of the Atlantic ask for reason and mutual benefit to prevail in the current trade-related discussions

Brussels, 17th October 2019

The free flow of trade and investment is the lifeblood of modern manufacturing. Equipment manufacturers in the United States and European Union depend on global supply chains to source parts and components, and access foreign markets to export their machinery. “Today, 80 percent of world trade is driven by supply chains with trade in intermediate goods now nearly twice as large as trade in final goods. This is especially important in advanced manufacturing”¹ like construction equipment manufacturing. As both the United States and European Union are centers of technological development, transatlantic trade is helping create a strong path to sustained manufacturing competitiveness. However, recent government decisions are threatening to undermine continual economic growth and development.

The United States has recently announced its plans to place tariffs on \$7.5 / €6.8 billion of European Union goods, including certain types of construction machinery, following the WTO ruling on Airbus. The EU may follow suit if the WTO Boeing case is decided against the U.S. Notoriously, the use of tariffs will inevitably lead to counter tariffs, lost markets for producers, higher consumer prices, shaky investor confidence and the potential to undermine long established transatlantic supply chains our workers and industry depend on. The United States and the European Union need to focus on removing barriers to trade while working together to counter unfair trade practices by third countries. Strengthening the rule of law and reforming the WTO to effectively respond to the challenges of global commerce in the 21st century is in the shared interests of the United States and the European Union.

With this joint statement, the European industry association of construction equipment manufacturers (CECE) and the American Association of Equipment Manufacturers (AEM) call on the European Union and the United States to work diligently together to defuse the tensions, abandon all plans by the United States of imposing these tariffs and avoid escalations leading to the imposition of additional tariffs by the European Union.

¹ PElI Globalization Overview

About AEM:

AEM is the North American-based international trade group representing off-road equipment manufacturers and suppliers, with more than 1,000 companies and more than 200 product lines in the agriculture and construction-related industry sectors worldwide. The equipment manufacturing industry supports 1.3 million jobs in the U.S., and 149,000 more in Canada. Equipment manufacturers also contribute \$188 billion combined to the U.S. and Canadian economies. AEM is celebrating its 125th anniversary in 2019.

About CECE:

CECE, the Committee for European Construction Equipment, represents the interests of 1,200 construction equipment manufacturers through national trade associations in 13 European countries: Germany, the UK, France, Italy, Spain, Czech Republic, Sweden, Finland, The Netherlands, Belgium, Austria, Russia and Turkey. CECE manufacturers generate €40 billion in yearly revenue, export a sizeable part of the production, employ around 300.000 people overall. They invest and innovate continuously to deliver equipment with highest productivity and lowest environmental impact. Efficiency, safety and high-precision technologies are key. See also www.cece.eu.