

March XX, 2017

Acting Ambassador Maria Pagan
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Pagan:

As Members of the Congressional Motorcycle Caucus, we write to express our concern regarding the announcement that the USTR is considering including motorcycles on the list of products subject to retaliatory duties related to the Request to Reinstate Action Taken in Connection with European Union's Measures Concerning Meat and Meat Products (USTR-2016-0025).

As you are aware, certain European motorcycles are included on the list of products to be considered for new duties as a result of USTR-2016-0025. Specifically, motorcycles over 50cc but not over 500cc from member States of the European Union (EU) would be affected. This action is requested by representatives of the U.S. beef industry in connection with Section 306(c) of the 1974 Trade Act relating to the World Trade Organization (WTO) dispute settlement rulings in the EU – Beef Hormones dispute.

Most of the other products on the list are agricultural in nature. It is unclear why products from an unrelated industry have been selected for punitive duties. Further, the economic impact to the motorcycle industry would be substantial.

European makers of 51cc-399cc motorcycles used for recreation and racing provide nearly half the units available to U.S. consumers, and nearly a quarter of the market in the 400-500cc class. There are no significant U.S.-made options for consumers in those market segments. In the on-road motorcycle segment, 100 percent of the models 300cc and smaller are imported to the United States from abroad.

A proposed 100 percent tariff on affected European motorcycles would harm U.S. consumers by pricing these small and intermediate-sized bikes beyond the reach of American families. Motorcycles in the affected categories are currently available at reasonable prices that allow for entire families to enjoy countless hours together outdoors. The proposed tariff threatens to significantly raise the retail cost of these motorcycles or curtail their supply altogether, which would cause irreversible damage to outdoor recreation and a transportation alternative for many individuals and families.

An industry analysis of three major distributors of affected motorcycles - Ducati North America, KTM North America (which includes KTM and Husqvarna brands), and Piaggio Group Americas (which includes Piaggio, Vespa and Aprilia brands) concludes that 526 dealerships would be negatively impacted and 141 dealerships would be put out of business, resulting in the loss of 4,473 jobs. Furthermore, the U.S. distributorships for KTM and Piaggio would be put out

of business, resulting in an additional 251 jobs lost. The total value of economic activity related to the power sports aftermarket that would be eliminated as a result of a punitive tariff would be nearly \$1.5 billion.

We fully support efforts to ensure that the EU maintains compliance with its WTO obligations and understand the appropriate role the USTR plays in resolving these disputes through the imposition of duties. As representatives of the more than 27 million motorcycle riders and enthusiasts from across our country, we respectfully request that you consider alternative measures that would not negatively impact the motorcycling community.

Thank you for your consideration of this matter. We look forward to your response.

Sincerely,