

December 8, 2008

BY ELECTRONIC MAIL

The Hon. Susan Carroll Schwab
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Docket No. 2008-0036/Retaliatory List Impacts

Dear Ambassador Schwab:

The Office of Advocacy (Advocacy) of the U.S. Small Business Administration (SBA) respectfully submits the following comments in response to the notice published by the United States Trade Representative (USTR) on November 6, 2008, entitled "Review of Action Taken in Connection with WTO Dispute Settlement Proceedings on the European Communities' Measures Concerning Meat and Meat Products," 73 Fed. Reg. 66066. The focus of these comments is the impact on small business of adding HTSUS 8711.20.00 and 8711.30.00 (motorcycles in the categories of 50 to 500 cc's) to the retaliatory list.

Congress established the Office of Advocacy under Pub. L. No. 94-305 to advocate the views of small entities before Federal agencies and Congress.¹ Among other things, the Office of Advocacy is specifically charged with "representing the views and interests of small businesses before other Federal agencies whose policies and activities may affect small business,"² and "[recommending] specific measures for creating an environment in which all businesses will have the opportunity to compete effectively and expand to their full potential..."³ Because Advocacy is an independent body within the U.S. Small Business Administration (SBA), the views expressed by Advocacy do not necessarily reflect the position of the Administration or the SBA.

Imposing tariffs on the class of motorcycles contemplated by the USTR will have an adverse impact on small U.S. motorcycle dealers. According to data from the U.S. Bureau of the Census, there are 5,430 motorcycle dealers in the U.S., of which 5,426 are small.⁴ Having established that the vast majority of motorcycle dealerships are small

¹ 15 U.S.C. § 634a, *et. seq.*

² 15 U.S.C. § 634c(4).

³ 15 U.S.C. § 634b(9).

⁴ Census data is available on the Office of Advocacy's website:
http://www.sba.gov/advo/research/us05_n6.pdf.

based on SBA's Small Business Size Standards and Census data, it is worth noting that the average dealership's brand diversification is low. A dramatic price increase in one or two of the brands that a dealership carries will significantly affect its revenue stream. Based on data from the Motorcycle Industry Council,⁵ the following impacts are likely as a result of the USTR's action: 177 single-line dealerships will be put out of business; over 1,100 dealerships will face significant economic impacts (about 20% of the industry); and 3,114 jobs will be lost.

The Office of Advocacy takes no position on the validity or legality of placing the retaliatory duties on motorcycles, or on the impacts absorbed by European Union motorcycle manufacturers. Our interest is strictly related to the impact on small U.S. dealers at a time in our economy when job retention is critical and small business growth and development is paramount in driving this country out of a recessionary period.

If you have any questions, please feel free to contact me or Radwan Saade of my office at 202-205-6533.

Sincerely,

/s/

Shawne C. McGibbon
Acting Chief Counsel for Advocacy

/s/

Radwan Saade
Regulatory Economist

⁵ The Motorcycle Industry Council is a not-for-profit national trade association created to promote and preserve the U.S. motorcycle industry.