U.S.-EU Trade and Technology Council (TTC)
Recommendations from the Transatlantic Chemical Industry

The transatlantic chemical industry, represented by the American Chemistry Council (ACC) and the European Chemical Industry Council (Cefic), strongly supports the renewed engagement towards closer transatlantic coordination on key global technology, economic, and trade issues through the Trade and Technology Council (TTC). We hope the TTC will deepen transatlantic trade and economic relations and address the critical issues arising from the nexus of trade with climate change and environmental sustainability, innovation and technology, open strategic autonomy, and supply chain resiliency. The chemical industry represents significant and long-standing investments on both sides of the Atlantic, demonstrating levels of integration and expertise that can help drive deeper and more sustainable transatlantic trade ties.

ACC and Cefic have been actively working together to identify areas where we can leverage the power of chemistry to advance the TTC's objectives. For example, our members are committed to reducing CO_2 emissions associated with our operations while enabling the entire manufacturing value chain to reduce their own carbon footprints by using energy-saving and emissions-reducing technologies and materials made possible by chemical innovations. With the expertise of industry, the TTC can help advance the circular economy agenda by developing and implementing cohesive clear policies and practices to address waste management and recycling. These would be constructive areas that would encourage greater investment; export of more circular and sustainable technologies; and safer, more sustainable practices and products for workers, manufacturers, and consumers.

We have specific suggestions for several TTC Working Groups that would help shape a platform to deliver meaningful results by developing common approaches to shared challenges, collaborate on new standards for emerging technologies, enhance bilateral trade and investment, and bolster each other's competitiveness. While we offer these suggestions as ideas for further work, it is especially important that businesses and other stakeholders have a seat at the table as officials further craft potential TTC outcomes. Such outcomes will need industry expertise to make them pragmatic. Increasing the transparency of the operation of the TTC Working Groups and their relationship to other existing transatlantic dialogues and platforms (e.g., the Transatlantic Energy Dialogue) will allow industry to provide more practical assistance and we welcome both Administration's openness and transparency to further engagement.

Supply Chain Resiliency

We are encouraged by the work the TTC has already begun to recognize the positive contribution of transatlantic trade to resilient supply chains, and our shared vulnerabilities to critical supply chains for semiconductors, critical minerals, clean energy, and other products and technologies. Work towards guiding principles and complementary and joint actions could mitigate risks and advance the resilience of U.S. and EU supply chains, while confirming our commitment to avoiding unnecessary barriers to trade, which could negatively affect U.S. and EU production or export opportunities. Since chemicals are key materials used in the semiconductor and other product supply chains that are a focus of the TTC's agenda, we also hope that the TTC can build on the strong existing cooperation on export controls and sanctions to develop a U.S.-EU coordinated approach on further measures to address critical security concerns without affecting the ability of U.S. or EU chemistry and plastic companies to compete globally.

Chemicals play a critical role in the supply chains currently being studied by the TTC Supply Chain Working Group. For example, chemicals are essential in the manufacture of semiconductors, power and telecommunication infrastructure, solar panels, rare earth magnets, and critical goods that are key industrial priorities of both Administrations. A secure and resilient supply of critical minerals is essential to chemical manufacturing to produce these goods. There are also other chemistries used in the manufacturing process that require capacity expansion to support continued growth. Such chemistries include but are not limited to P-Series Glycol Ethers, E-Series Glycol Ethers, Amines, and Oxo Solvents. Such products are sold into several markets and their availability is often constrained due to strong demand with limited production. This may cause chokepoints in the supply chains for semiconductors and many other goods. We hope that the TTC Supply Chain Group can address such challenges.

As a start, we would encourage the Working Group to establish the following incentives as guiding principles and actions to produce chemistries crucial to the manufacturing and R&D of goods that are a focus of the TTC:

- Abundant sources of natural gas and natural gas liquids, the primary feedstocks and energy sources for manufacturing chemicals
- Timely review and approval of new chemistries by U.S. and EU regulatory agencies
- Low cost imported intermediate inputs for the manufacturing of chemicals
- Facilitation of high skilled labor
- Access to worker training/retraining programs and strengthening of worker skills and safety knowledge
- Strong protection of intellectual property rights, including trade secrets

- Public-private partnerships for research and development of new low carbon, circular materials and technologies
- High standard protections for human health, safety, and the environment.

We would also encourage the TTC Working Group to establish principles to work closely with regulatory agencies in each Administration to ensure these incentives are adopted by sharing data and developing consistent standards on chemicals used to produce these goods. For example, the impact of ongoing assessments on chemicals such as those related to N-Methylpyrrolidone (NMP), Octamethylcyclotetra-siloxane (D4, 4,4′-(1- Methylethylidene)bis[2, 6-dibromophenol] (TBBPA), Fluorinated Chemistries, Hydrofluorocarbons, and Phenol Isopropylated Phosphate (3:1) (PIP (3:1)) will be crucial to the manufacturing, performance and safety of semiconductors. In addition, certain overly broad definitions and categorization of per- and polyfluoroalkyl substances (PFAS), including fluoropolymers, could lead to inadvertent restrictions that would have a catastrophic impact on EV battery supply chains.

Many raw materials and critical minerals to produce these chemistries are currently produced and processed outside the U.S. and EU. Both the import of critical minerals and development of a domestic supply chain by those seeking to produce and process in the U.S. and EU could face regulatory barriers. Therefore, we would advocate for a chemical review and approval process to support innovation around chemistries containing critical minerals that would strengthen our supply chain resiliency, both domestically and across the Atlantic For example, both Administrations are increasing their efforts to develop a domestic manufacturing ecosystem for high-capacity batteries to support their broader electric vehicle and electricity storage goals. Because high-capacity batteries rely on chemicals containing critical minerals, ensuring an efficient and operational chemicals review program would be essential to innovation in this area.

Finally, the TTC offers a unique opportunity to develop guiding principles and actions to promote supply chains that provide concrete environmental and sustainable benefits and create new investment and economic value chains, including advancing worker skills. Work that explores the benefits of chemical recycling in promoting resilient supply chains and a circular economy, including ways to improve its uptake and availability through policies and regulations should be emphasized. Removing customs and other barriers to trade and investment in remediation and waste treatment and disposal services would help reduce the cost of cleaning up marine debris. Statements in support of non-discrimination in access to and payment for port services for foreign vessels engaged in clean-up, monitoring and research and removal of data localization requirements for the purpose of monitoring marine debris would also help in these efforts. The TTC should recognize that chemical recycling will not only conserve natural resources, drive down GHGs, creates new domestic jobs, and diverts plastic waste from incinerators and our oceans, but also help to build resilient supply chains in the automotive, aerospace, and renewable energy sectors.

Technology Standards and Climate and Clean Tech

TTC statements recognize the benefit of work on specific initiatives to accelerate the deployment of clean, low carbon products, and technologies that can help achieving common climate goals, including those that support the transition to a more circular economy and prevent environmental degradation, including pollution. As part of TTC agenda that supports a trade facilitative approach to remanufacturing, refurbishment, repair, and reuse as part of circular economy agenda, we also think that the TTC should establish initiatives that help ensure the transition from waste products to commercial feedstock, which would create even greater economic activity and recovery. For example, an initiative that helps promote and implement waste management practices to create economic value for plastic waste would help keep such products out of incinerators and oceans, and support investment and job creation in the U.S., EU, and other countries. Certain policies could promote greater investment in recycling technologies (aligned with development funds) and better coordinate U.S. and EU regulatory policies that support such a transformation, such as:

- Development of recycled plastic standards and EV battery passports;
- Common approaches to Extended Producer Responsibility (EPR) schemes;
- Efficient regulatory procedures to promote recycled content, including increased transparency on product composition;
- "Green" procurement to incentivize utilization of recycled, sustainable materials; and
- Customs and trade facilitation measures that remove temporary import duties and restrictions on maritime transport and coordinate data collection and processing.

Removal of barriers to access and sharing of data is critical not just for the sound management of waste products but for chemicals more generally. UNEPs policy framework for Strategic Approach to International Chemicals Management (SAICM) has proposed Strategic Objective B for the Beyond 2020 framework, which states: "Comprehensive and sufficient knowledge, data, information and awareness is generated, available and accessible to all to enable informed decisions and actions." A global guidance on data sharing – beginning with transatlantic alignment could help developing economies to achieve the SAICM Beyond 2020 objectives by increasing access to validated data needed to make informed regulatory decisions that are more effective to protect human health and the environment. It could also contribute to reducing effort, time, administrative burden, and costs) in both public and private sectors for the common objective of sound management of chemicals and waste under the SAICM objectives. In the TTC, the EU and U.S. could align and support a coordinated approach through the OECD by:

- Providing guidance and developing best practices to simplify the sharing of chemical property data for both industry and regulatory authorities;

    - This would provide more rapid access to data by the public and private sectors and help developing countries use such guidelines as a technical reference for the development of their regulations as well as be a resource for capacity building.
- Building upon the existing OECD draft best practice guidance (or create new guidance) to address the global challenge of chemical data sharing; and
- Establishing an ad hoc group to gather currents practices on data sharing and define the scope of the guidance and best practices.

Global Trade Challenges

The TTC recognizes that regulations developed by either the U.S. or EU may inadvertently generate unnecessary trade barriers for new and emerging technologies, and we welcome statements by the TTC to develop concrete, trade facilitating initiatives in selected sectors. A sectoral initiative on chemicals could help align regulatory approaches to chemicals management and prevent barriers to trade between the U.S. and EU as well as with other countries. A chemical sectoral initiative could easily be built on work already begun by the U.S. and EU chemical industries under the International Council of Chemical Associations (ICCA):

- Consistent principles to existing chemical inventories and approaches to chemical management (e.g., polymers);
- Clear and consistent risk assessment procedures for assessment of chemicals substances and mixtures;
- Adoption of Globally Harmonized System of Classification and Labelling of Chemicals (GHS), with a focus on helping support implementation in developing countries;
- Cooperation on data sharing; and
- Partnership with key SAICM stakeholders to establish chemicals regulatory frameworks and support chemical regulatory development

A sectoral initiative on chemicals would also help ensure engagement by industry stakeholders with key expertise to support regulators to ensure public confidence and promote regulations consistent with science-based principles and a rules-based trading system. Promoting consistent approaches to regulation will be an economic enabler, especially for small business; and promote worker safety and environmental protection by ensuring safe, sustainable regulatory practices and requirements. It would help initiate, promote, and coordinate U.S.-EU positions on plurilateral initiatives for trade and trade-related issues relating to chemicals and plastics. We have special concerns about recent efforts under the EU Chemical Strategy for Sustainability (CSS) to introduce new classification and labelling classes (" hazard classes") that would be globally precedential, create unnecessary obstacles to trade, and weaken U.S. and EU supply chain resiliency. The TTC should work to encourage a cooperative EU - U.S. approach on such issues, including joint promotion of an approach through the U.N. GHS process.

Conclusion

The TTC comes at a transformative time for the global chemicals industry. With the right policies in place, the TTC could help the global deployment of the innovative products of chemistry designed to help protect our food supply, air, and water, make living conditions safer, and provide access to efficient and affordable energy sources and lifesaving medical treatments. We also hope that the TTC can help promote closer coordination between our economic policies and a more cooperative transatlantic approach on other critical and urgent matters. Lack of coordination can often cause unintended consequences and commercial impacts across our highly integrated supply and value chains

While we recognize that our transatlantic partnership will eventually require more comprehensive, rule-establishing, and binding commitments beyond TTC, we think our suggestions will increase the prospects for resolving barriers to trade and investment and spur innovation. Removing existing barriers and avoiding new ones will allow even more workers to benefit from the world's most prosperous and interconnected commercial relationship. ACC and Cefic stand ready to serve as a source of information and experience in TTC discussions to enable a more vibrant, resilient, and secure manufacturing industry.