



April 11, 2022

Submitted via www.regulations.gov

Diane Farrell
Deputy Under Secretary for International Trade
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Re: Docket No. ITA-2022-0001, Request for Comments on the Indo-Pacific Economic Framework, Document No. 2022-05206

Dear Ms. Farrell:

The American Chemistry Council (ACC) is pleased submit the following comments in response to the Department of Commerce's Request for Information ("RFI") published on March 11, 2022, to assist the Department in developing the U.S. position in the Indo-Pacific Economic Framework (IPEF) negotiations. ACC also plans to submit comments to the Office of the United States Trade Representative in response to a related RFI (i.e., Docket No. USTR-2022-0002, Request for Comments on the Proposed Fair and Resilient Trade Pillar of an Indo-Pacific Economic Framework, Document No. 2022-05044.)

The ACC represents a diverse set of companies engaged in the business of chemistry, an innovative, \$486 billion enterprise. We work to solve some of the biggest challenges facing our nation and our world and are committed to fostering progress in our economy, environment, and society.

The business of chemistry:

- Drives innovations that enable a more sustainable future.
- Provides 529,000 skilled good paying jobs—plus over 4.1 million related jobs—that support families and communities.
- Enhances safety through our diverse set of products and investments in R&D.

Every year, the chemistry industry invests tens of millions of dollars to help make the products that make modern living possible and safer for our communities and the environment. In addition to research initiatives, ACC programs focus on anticipating and preventing accidents, as well as

educating the public about how to use our products safely. Chemistry makes it possible to meet the needs of a growing world population. Our products 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 in communities around the globe. To enable these ongoing innovations, we advocate for public policies that support the creation of groundbreaking products to improve lives, help protect our environment, and enhance the economic vitality of communities.

ACC supports the Biden Administration's commitment to promote free, fair, and open trade and investment through its decision to launch an Indo-Pacific Economic Framework (IPEF) initiative and hope that ACC can continue to share feedback as negotiations progress. Strengthening trade, investment, and economic ties with the Indo-Pacific region will benefit all Americans and a high-standard, comprehensive agreement with allies and key partners in the region will advance our shared economic and strategic interests. We would encourage the Department, as well as our key trading partners, to produce an ambitious and comprehensive agreement that includes enforceable commitments, new market opportunities, and strong regulatory rules. To meet these objectives, the IPEF should include both proven commitments from recent U.S. trade agreements and new ones to promote further opportunities for innovation and growth for U.S. chemistry production, exports, and workers. An ambitious agreement involving constructive discussions will be integral to demonstrating American engagement, both politically and commercially, in the Indo-Pacific region

General negotiating objectives for the IPEF

ACC believes the Department should prioritize the following objectives in all areas of the negotiations

- Focus on developing binding and enforceable commitments.
- Set high standards and ensure that participating countries agree to all commitments. Broad country participation is important, but weak rules will produce less meaningful outcomes.
- Create market access opportunities for U.S. businesses and workers in the chemistry industry
- Develop work plans to regularly add commitments and participating countries to each area, which would deepen and broaden the IPEF's benefits over time.
- Establish an ongoing consultative mechanism for private sector to share feedback on the priorities for each area to maximize benefits and outcomes.

While we understand that tariff negotiations will not be initially included in these negotiations, we hope that the Department does not eliminate market access from its negotiating priorities and objectives. Many policies and regulatory provisions have made U.S. chemical and plastic exports



less competitive and the absence of commitments that would result in new market access is less likely to attract important stakeholders to the negotiating table. We would urge the Department to make opening new markets for U.S. exports a priority, especially for innovative chemicals and plastics, as this would be a good way to develop high-standard, successful outcomes to these negotiations. Such constructive outcomes would support continued growth in U.S. production and jobs as well as help build resilient supply chains and opportunities to drive sustainable production across the Indo Pacific region.

We also hope that the Department prioritizes the resolution of existing trade barriers, and prevention of future barriers, including by incorporating and enforcing regulatory cooperation provisions. The U.S. chemistry industry, through the International Council of Chemical Associations (ICCA), directly works with many countries in the Indo-Pacific region to promote an aligned and constructive industry approach to promoting sound science and risk-based principles for chemicals management. Such work could serve as an effective model to demonstrate the value of close regulatory cooperation to promote domestic economic growth and innovation and create new market and job opportunities. Rules on regulatory cooperation will be fundamental to ensure a level playing field, especially for small businesses who need additional clarity and certainty on regulatory compliance. They would also support human health and safety, safeguard environmental innovation, cultivate resilient and strategically integrated global supply chains, and promote high value job creation, both in the United States and in the Indo-Pacific region.

Digital and emerging technologies-related issues

The chemistry industry benefits substantially from digital investment to support advanced manufacturing. Digital trade based on the free flow of data across borders is critical to chemical manufacturers, which generate data for regulatory compliance, technical innovation, employee development and workplace safety, and global customer management.

ACC would encourage the IPEF to include state-of-the-art provisions that promote data privacy, enable open cross-border data flows, and prohibit data localization requirements. Such provisions will help strengthen cybersecurity while respecting intellectual property rights. Such provisions would also help promote data flows that are essential for establishing and maintaining global value chains and strengthening manufacturing around the world, not just to the benefit of chemistry industry but to downstream industries that involve chemistry such as the agriculture and automotive industries. Binding and effective commitments that prohibit unwarranted government restrictions on data flows and government involvement in network security would also promote the development of effective supply chain resilience commitments in the IPEF region.



Supply chain resilience-related issues

ACC supports commitments that would cultivate resilient and strategically integrated supply chains that helps keep costs low, workers' wages high and essential chemical and plastic products readily available. Such commitments should promote the development of critical goods and facilitate the use of intermediate inputs neither made in the United States nor made here in sufficient quantity or quality to support such development. IPEF discussions should also focus on identifying and assessing shocks to supply chains for chemical and plastic products and their impact to downstream industries, with a special attention to assessment of regulatory measures in the United States and IPEF countries as this is often a key factor impairing the development of resilient supply chains for the manufacturing of critical goods and materials. We would also encourage measures that would help establish the appropriate incentives for businesses to invest in manufacturing in the United States and IPEF countries such as:

- Tax credits and abatements;
- Expedited permitting for plant construction or upgrading;
- Programs to educate the workforce in response to industry needs;
- Facilitation of high skilled immigration;
- Access to worker training/retraining programs;
- Public-private partnerships for research and development of new materials and technologies; and
- Potential cost-shared grants to support domestic capital investments for key upstream materials, including chemical inputs, as well as infrastructure; and
- Relief/insurance for supply chain disruptions, e.g., hurricanes, wildfires, floods and winter storms.

To help meet these incentives, ACC has developed a Supply Chain Resiliency Working Group specifically focused on assessing and resolving supply chain problems in the chemistry industry and we would welcome the opportunity to discuss these matters in greater detail with the Department on how these could be used to support the Administration's goals in the IPEF negotiations

Infrastructure-related issues

We would urge the Department to use IPEF negotiations to help promote a 21st century physical and digital infrastructure for the safe, secure, sustainable, competitive, reliable, and efficient transportation of chemicals in the United States. A large volume of chemistry products is moved within the U.S. and to destinations in the Indo-Pacific region every year, playing an especially important role in the transportation services industry. Chemicals are transported over roads, by rail, by water and/or by air, generating revenues for trucking companies, railroads, barge operators, and other logistics suppliers. A strong transportation network is critical to the business of chemistry, and ACC believes that Department should encourage the negotiations of



commitments in IPEF that will improve the efficiency of transportation permitting, create greater supply chain visibility to improve efficiency and predictive abilities, and address issues of systemic congestion.

Clean-energy related issues

Much of the chemical industry relies on a functioning supply chain of petroleum and natural gas products for both feedstocks and for fuel and power for production processes. Affordable domestic natural gas has made the United States the global destination of choice for chemical manufacturers, driving billions of dollars in expansion and new plants. Natural gas provides power and remains one of the best sources of energy that chemical plants use to operate. Many ACC members are exploring alternatives like bio-based and recycled feedstocks, new low or no-emissions energy sources, and possible electrification of chemical manufacturing processes. However, wide-scale adoption of some of these alternatives is still a long way away for many members. Any clean-energy commitments in the IPEF should continue to ensure reliable access to low-cost, high quality raw materials and intermediate inputs. Some of these inputs need to be imported since it is not possible to source such inputs domestically, at least in the short and medium term. We would also encourage the Department to focus on ways to promote research and development (R&D) in the United States and the Indo-Pacific region, including research in the sciences, engineering, and the design of clean energy solutions towards improving energy efficiency and helping to enable the transition to a lower-emissions future, understanding such a transition may require a fundamental transformation of chemical manufacturing processes and factories.

Decarbonization-related issues.

ACC understands that the need for greenhouse gas (GHG) reduction and decarbonization is creating an inflection point for the chemistry industry. On one hand, it is bringing unprecedented opportunities for companies to help customers reduce their GHG footprint. On the other hand, it is leading to unprecedented challenges as companies decarbonize their own operations

We would encourage the Department to establish commitments on decarbonization-related issues based on the following objectives:

- Increase of government investment and scientific resources to develop and deploy low emissions technologies in the manufacturing sector;
- Adoption of transparent, predictable, technology- and revenue-neutral, market-based, economy-wide carbon price signals; and
- Encouraging adoption of emissions-avoiding solutions and technologies throughout the economy to achieve significant emissions savings



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We also hope that the IPEF will explore how trade relates to climate change, circular economy, plastic pollution, biodiversity, fossil fuel subsidies, decarbonizing supply chains, and carbon border adjustment. Plurilateral initiatives, even with a narrow range of IPEF countries, on improving market access for sustainable materials and environmental goods should also be included.

Conclusion

We appreciate the Administration's efforts to define a new path forward on trade, through IPEF and other mechanisms, to support drive meaningful progress, support American production and workers; and to increase economic prioritization of sustainability and innovative production.

The IPEF can be used to help promote a more worker-centered trade policy that promotes broad-based economic growth, and we think that commitments in many existing trade agreements already meet or can be used as a template to meet these objectives. Since it is likely that development many of the commitments will need industry-specific information, we would strongly encourage the development of an ongoing consultative mechanism as soon as possible to share feedback on U.S. and IPEF country priorities in each negotiation area to maximize benefits and outcomes

ACC remains committed to working with the Administration and the Department across all aspects of the IPEF to achieve meaningful results and we hope that the Department will use ACC as a source of information and experience regarding the role of business of chemistry to develop a high-standard, successful outcome to these negotiations.

Sincerely,



Jason Bernstein
Director, Global Affairs
American Chemistry Council

