



## News Release

For Immediate Release

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### **ACC CALLS FOR TARIFF-FREE RESOLUTION TO U.S.-EU DISPUTE OVER LARGE CIVIL AIRCRAFT SUBSIDIES** *WTO Dispute Currently Exposes \$3 Billion in U.S. Chemicals and Plastics Exports to Potential New Tariffs, Jeopardizes Key Export Market for U.S. Chemicals Manufacturers*

WASHINGTON (May 15, 2019) – The American Chemistry Council (ACC) today urged members of the interagency Section 301 Committee to negotiate the removal of more than [\\$3 billion in U.S. chemicals and plastics products](#) that have been targeted for potential new tariffs as part of a World Trade Organization (WTO) dispute over the EU’s alleged subsidization of its large civil aircraft industry. “Our initial analysis of the proposed U.S. and EU countermeasure lists indicates that the chemical industry is again in the crosshairs of another set of possible tariff actions,” said Ed Brzytwa, ACC director of international trade. “The EU countermeasures would lead to another harmful market closure for U.S. chemical manufacturers.”

The United States has proposed new tariffs on \$365 million in U.S. imports of essential oils and resinoids from the EU, or about 3 percent of the \$11 billion in EU-made products that would be assessed with new import duties, according to ACC. The EU has responded with a countermeasure list that would target \$3 billion in chemicals and plastics, or 15 percent of the total value of U.S. exported goods that are covered by the EU’s tariff list.

Higher tariffs on civil aircraft and components for civil aircraft in both markets could substantially weaken demand for civil aircraft, ultimately leading to less demand for U.S.-made chemicals. “If the tariff rates go up to the maximum level allowed, which is 100 percent, this could effectively block U.S. chemical manufacturers from accessing the EU market for the products on the EU list,” Brzytwa said. “U.S. chemical manufacturers seeking to maintain access to the EU market may decide to move production and jobs out of the U.S. into the EU, the Middle East, or Asia.”

ACC’s testimony follows a series of U.S. and retaliatory tariff actions over the past year that have made it more expensive for firms outside the United States to import U.S.-made chemicals, effectively pricing them out of the U.S. market and incentivizing them to look for alternative, lower-cost suppliers. “For the last several years, the U.S. chemical industry has sought – and continues to seek – greater market access around the world to take advantage of the [historic expansion of chemical manufacturing capacity](#) in the United States,” ACC said. “We are most assuredly not seeking new tariffs or closed markets.”

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ACC reaffirmed its support for leveraging the World Trade Organization to lawfully address EU subsidization of its large civil aircraft industry, but urged both sides to enter negotiations in good faith and stand down any tariff threat. “The success and export potential of the U.S. chemical industry is closely tied to that of the civil aircraft industry,” Brzytwa said. “We respectfully request that the United States and the European Union eliminate their chemical tariffs in their ongoing bilateral trade agreement negotiations and remove chemical tariffs from their respective countermeasure lists under the large civil aircraft dispute.”

ACC’s full oral testimony from the May 15 hearing is [available here](#).

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*The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people’s lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®; common sense advocacy designed to address major public policy issues; and health and environmental research and product testing. The business of chemistry is a \$526 billion enterprise and a key element of the nation’s economy. It is among the largest exporters in the nation, accounting for ten percent of all U.S. goods exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation’s critical infrastructure.*

