



# News Release

For Immediate Release

August 20, 2018

Contact: Ryan Baldwin (202) 249-6517

Email: ryan\_baldwin@americanchemistry.com

## **ACC: TARIFFS ON \$16.4 BILLION IN CHEMICALS AND PLASTICS PRODUCTS ON U.S. 'LIST 3' COULD HAVE IRREPARABLE IMPACT ON U.S. MANUFACTURING SUPPLY CHAIN**

*Administration Should Remove All 1,505 Chemicals from U.S. 'List 3', Partner with Allies to Curb China's Unfair Practices and End Disruptive Trade War, ACC Says*

WASHINGTON (August 20, 2018) – Testifying on Section 301 tariffs for the second time in less than a month, American Chemistry Council (ACC) director of international trade, Ed Brzytwa, [called on policymakers today](#) to remove all 1,505 chemicals and plastics products, valued at approximately \$16.4 billion, from U.S. 'List 3', or force the industry to sustain unintentional, long-term consequences that would disadvantage the United States as a leading supplier of chemicals and give China a chance to usurp U.S. market share. In his oral testimony, Brzytwa also [expressed frustration](#) that the Administration had not removed 152 chemicals and plastics imports from U.S. 'List 2' and cautioned that additional tariffs on imports from China would invite further retaliation and send U.S. manufacturing into a tailspin from which it may not be able to fully recover.

“If tariffs on the \$2.2 billion in chemicals and plastics imports that appeared on List 2 would weaken the competitiveness of the U.S. chemicals industry, then the \$16.4 billion in tariffs on additional products of chemistry in List 3 would have a potentially irreparable impact on our industry’s economic structure and supply chain,” Brzytwa testified. “We reiterate, in the strongest possible terms: the best way to preserve the interests of the U.S. chemicals industry and indeed the entire manufacturing sector is by removing chemicals from the front lines of this trade war.”

Chemistry is at the very foundation of the U.S. manufacturing economy. In [previous comments and testimony](#) on July 25, ACC explained to U.S. officials that the tariffs on List 2 substances would hurt the chemical industry’s ability to do business in the U.S. and jeopardize nearly half of the \$194 billion in [new chemicals manufacturing investment](#) announced over the past decade. Costs in the U.S. would go up, Brzytwa had said, not just for ACC member companies but also for the downstream industries that buy U.S.-made chemicals, including farmers and manufacturers. In fact, many of the chemicals and plastic products appearing on the tariff lists are inputs into critical U.S. manufacturing processes.

Following the July hearings on List 2 tariffs, ACC has been pressed on whether it believes the Administration has undertaken the research and analysis necessary to make a sound determination about the impact that a ‘protectionist’ U.S. trade policy could have on domestic supply chains. “Supply chains are not plug-and-play – they cannot easily be reconfigured to meet the whims of

-- more --



U.S. trade policy,” Brzytwa asserted in his oral testimony. “Supply chains do not exist in a vacuum but move with the ebb and flow of market forces. They are complex and intricate and rely on interconnected networks and channels that work together as one to bring finished products to market. Forcing companies to reconfigure their supply chains would threaten the viability of their businesses.”

Brzytwa reiterated ACC’s shared concerns about China’s inadequate protection of intellectual property and its forced technology transfer practices. However, instead of taking a unilateral enforcement approach, the Administration should work closely with like-minded allies to change China’s behavior and practices, ACC says. “Tariffs are counterproductive and do little more than invite retaliation that ultimately undermines their stated intent,” ACC has said.

To that point, retaliation by China continues to be one of the leading reasons ACC is calling for an end to the trade war. Nearly every major segment of the U.S. economy – from agriculture to manufacturing to healthcare – relies on chemicals, and China is a key market for many American manufactured exports and an important link in global supply chains providing essential inputs to U.S. manufacturing. Roughly 47 percent of the 114 proposed tariff lines on China’s retaliatory ‘List 2’ are chemicals and plastics products, amounting to \$5.4 billion in U.S. chemicals and plastics exports to China, according to ACC analysis. For some of the plastics targeted by the retaliatory tariffs, exports to China represent 30 percent or more of all export sales to the world. For 299 of the products listed, 50 percent or more of foreign supply comes from China, thus creating the potential for tariffs to cause significant supply chain disruptions.

Following recent threats by President Trump to increase the tariff rate on Chinese imports from 10 percent to 25 percent, China has published four new retaliation lists and warned that it will impose tariffs ranging from 5 to 25 percent on \$60 billion of U.S. exports. Of the 5,207 products across the four Chinese tariff lists, nearly a thousand, or 19 percent, are chemicals and plastic products.

“A trade war will neither achieve a more balanced trading relationship between the U.S. and China nor advance the interests of the U.S. economy, manufacturers, and consumers,” Brzytwa concluded. “We strongly urge the U.S. government to avoid this action, rescind the tariffs currently in effect, and therefore preempt additional retaliation by China.”

# # #

<http://www.americanchemistry.com>

*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 \$768 billion enterprise and a key element of the nation's economy. It is among the largest exporters in the nation, accounting for fourteen 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.*

