



News Release

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U.S. CHEMICALS INDUSTRY OFFERS EIGHT RECOMMENDATIONS FOR SUCCESSFUL U.S.-JAPAN TRADE AGREEMENT

U.S. Negotiators Should Draw From USMCA Where Beneficial, Use Japan Talks As Springboard For Additional Trade Agreements, ACC Says

WASHINGTON (December 10, 2018) – “A trade agreement between the U.S. and Japan could precipitate a larger package of U.S. trade agreements with the EU, UK, and other markets that could provide substantial benefits to U.S. chemical manufacturers,” American Chemistry Council (ACC) Director of International Trade, Ed Brzytwa, said in [testimony today](#) before officials from the Office of the U.S. Trade Representative (USTR) on the chemical industry’s priorities for potential trade negotiations with Japan. “We would ask that the Administration open markets through its trade agreement program to facilitate the export of U.S.-made chemicals around the world,” Brzytwa added.

The U.S. chemicals industry is in the midst of an historic expansion, ACC analysis shows. [\\$202 billion in U.S. chemical manufacturing investment](#) has been announced over the past decade. Much of the investment is export-oriented, meaning the industry’s ability to capitalize on its newfound competitive position largely hinges on a U.S. trade policy that opens rather than closes doors to new markets. “U.S. chemical exports last year reached \$130 billion, accounting for 10 percent of all U.S. exports and 9 percent of all global chemicals exports. 30 percent of our workforce is in export-dependent jobs, and even more jobs are dependent on imported inputs and intermediate goods,” Brzytwa added.

Prior to the hearing, ACC [filed public comments](#) which outlined several of its member companies’ priorities for a beneficial free trade agreement with Japan. Brzytwa summarized eight of the priorities at Thursday’s hearing. “The first priority for ACC and our members is the immediate elimination of tariffs on all chemicals trade between the U.S. and Japan,” Brzytwa said. “With nearly \$12 billion in total chemicals trade between the U.S. and Japan annually – a significant portion of which is between related parties – U.S. chemicals manufacturers stand to benefit from additional duty savings.”

ACC went on to highlight several opportunities where the U.S. and Japan could draw inspiration from the newly-inked U.S.-Mexico-Canada Agreement (USMCA), while avoiding some of the pitfalls in that agreement. Among the provisions of the USMCA that Brzytwa cited were enhancing regulatory cooperation and implementing good regulatory practices; optimizing the rules of origin for chemicals; and facilitating digital trade. “The U.S. and Japan both recognize the

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value of a science- and risk-based chemical regulatory system,” Brzytwa said, referring to regulatory cooperation. “The sharing of chemical safety data and information can help create greater efficiencies for both regulators and the regulated community, while continuing to ensure that human health and the environment are protected,” Brzytwa added.

Brzytwa also cited language in the USMCA related to curbing marine debris by ending plastic waste, an initiative in which ACC and its member companies have taken a leadership position. “There is a global need to support infrastructure development to collect, sort, and process used plastics,” Brzytwa explained. “We recommend that the U.S. and Japan use a potential trade agreement as a way to build on the marine litter language in the USMCA Environment Chapter. We also recommend that the U.S. and Japan use the agreement to promote global and regional cooperation in facilitating trade in used plastics.”

Two provisions in the USMCA which Brzytwa did not recommend negotiators try to replicate related to state-to-state dispute settlement procedures and “sunsetting” clauses that could lead to early termination of the agreement. In previous [statements](#) and [editorials](#), ACC has expressed disappointment with insufficient Investor-State Dispute Settlement (ISDS) protections under the newly-inked USMCA. “We urge both parties to accept investor-state dispute settlement provisions for all sectors without limitations on the claims that investors can make on specific investment protections. We would expect these protections to be the highest standard protections in the world,” Brzytwa concluded.

ACC’s complete public comments on the potential U.S.-Japan trade talks are [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.

