



May 5, 2014

Office of the United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Submitted electronically via www.regulations.gov

Attn: Docket: USTR–2014–0004

Re: Request for Comments on an Environmental Goods Agreement

Dear Sir or Madam:

In response to the Federal Register notice published on March 28, 2014, the American Chemistry Council (ACC) is pleased to provide comments on the United States' intention to negotiate a global Environmental Goods Agreement that builds on the Asia-Pacific Economic Cooperation Forum (APEC) agreed list of 54 environmentally beneficial products.

We recognize that increasing energy efficiency and promoting positive environmental outcomes such as reduced greenhouse gas emissions are among the key global policy challenges of the 21st Century, and an important component to addressing these global challenges is through advancing uptake of “environmentally friendly” technologies. There is strong potential for positive synergies between trade agreements and environmental objectives to be advanced in this context. As a primary matter, however, ACC does not view tariff liberalization using a list-based approach as the most effective means to address these issues. ACC has long advocated for a holistic approach to removing trade tariffs, one that includes all industries and products rather than focusing on a narrow list. Such an approach would avoid the many conceptual and practical issues associated with a specific agreement on environmental goods while helping to create market conditions that can materially affect environmental challenges for the better. In addition, while tariff reductions are by far the simpler track with respect to trade in environmental goods, they represent a lesser obstacle when compared to the non-tariff barriers (NTBs) that also need to be addressed.



- 1) To the extent that efforts to liberalize trade in environmental goods continue through a list-based approach, however, a number of significant issues will need to be explored and resolved, including: Defining precisely what is meant by environmental goods in a manner that is not subjective or discriminatory;
- 2) Addressing dual-use technologies in a manner that does not result in overly burdensome customs procedures for either national authorities or the companies engaged in international trade;
- 3) Developing a process that is responsive to changes in technologies in the years to come to ensure against future irrelevance of the agreement;
- 4) Ensuring the agreement appeals to a critical mass of WTO countries so as to minimize the problem of “free riders,” and;
- 5) Ensuring product nominations procedures are transparent and fair. Reaching consensus on these open questions will be extremely challenging as negotiators look to expand the APEC list of 54 environmental goods.

Additionally, negotiators must recognize that there is no one-size-fits-all strategy for tariff liberalization for all countries and for all environmental goods, a high degree of flexibility to accommodate differing environmental challenges and stakes in the liberalization of trade in environmental goods will be needed in any agreement.

How Best to Include Chemicals in an Agreement:

Chemicals are essential building blocks for a diverse range of environmentally friendly technologies. Technologies such as solar panels, wind turbine blades, insulation, vinyl windows and siding, and vehicle light weighting, are all derived from products of chemistry. Furthermore, without essential chemistries such as hydrated lime and magnesium dioxide, environmental processes to purify water, treat wastewater or control for air pollution would not be possible. Recent studies, including the [ICCA Buildings Technology Roadmap](#) and [McKinsey Report on Innovation for Greenhouse Gas Reduction](#), demonstrate the important role the chemical industry plays in providing solutions to address global environmental priorities.

Of particular interest to the chemical industry is the criteria applied to designate a product as an environmental good and how an agreement will address raw materials and components, such as chemicals, used in the manufacture of finished environmental goods. Technological innovation to

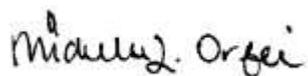


address environmental challenges remains a dynamic and evolving enterprise both inside and outside the chemical industry. The current products and inputs that appear to be the most environmentally beneficial are unlikely to remain static and will continue to evolve. By prematurely favoring the current set of product and input “winners”, we run the risk of converging far too early on solutions and dampening innovation. As a result, a list based approach should be as expansive as possible in the inputs allowed for inclusion so as to not incentivize innovation only within a relatively narrow range of technologies, which would be counter to the objectives of the agreement.

Conclusion

Trade agreements are important tools that can be used to achieve environmental objectives, and the increased uptake of environmental goods, most of which depends on the business of chemistry, is an objective worth supporting. Any trade liberalization initiative intended to address environmental concerns through promoting wider uptake of finished products, however, must comprehensively take into account the tariffs of product inputs – such as chemicals – to meaningfully achieve both the economic and environmental benefits intended by such an agreement. Although ACC has many questions and concerns regarding potential scope and structure of a free trade agreement on environmental goods, we look forward to maintaining a dialogue with USTR as negotiations proceed.

Sincerely,



Michelle L. Orfei

Director, Regulatory & Technical Affairs

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 \$770 billion enterprise and a key element of the nation's economy. It is one of the nation's largest exporters, accounting for twelve percent of all U.S. 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.

