



January 13, 2012

Mr. Donald W. Eiss  
Office of the United States Trade Representative  
600 17th Street, N.W.  
Washington, DC 20508

**Re: Canada, Japan, and Mexico Expression of Interest in the Trans-Pacific Strategic Economic Partnership (TPP) Negotiations (FR Doc. 2011-31317, 2011-31322, 2011-31318)**

Dear Mr. Eiss:

The American Chemistry Council (ACC) is pleased to have the opportunity to comment on expressions of interest from the governments of Canada, Japan, and Mexico to join the Trans-Pacific Strategic Economic Partnership (TPP) negotiations.

ACC and its members believe the TPP is an opportunity to build consensus around a new, high standard trade template that addresses current and emerging trade issues, and we welcome the addition of Canada, Japan, and Mexico to the negotiations. ACC represents the leading companies engaged in the business of chemistry. The U.S. business of chemistry is a \$720 billion enterprise and a key element of the nation's economy. It is also one of the nation's largest exporting sectors, with over \$171 billion in exports in 2010, accounting for more than ten cents out of every dollar in U.S. exports. The U.S. chemistry employs 800,000 Americans, and each of those jobs generates another 5.5 jobs in the downstream industries that use and rely on chemistry. American jobs depend on access to important markets – and free trade agreements ensure that access, assist industry efforts to create and maintain jobs, and enhance the competitiveness of U.S. industries.

Encouraging the inclusion of additional trading partners – who are ready to commit to the ambitious negotiating parameters agreed to by the original nine negotiating parties – is an important U.S. trade objective in the TPP. ACC is particularly interested in the prospect of Canada, Japan, and Mexico joining the TPP negotiations, which are markets of significant commercial interest for our members. Canada represents the largest single national export market for the US chemical industry, estimated at over \$20 billion per year. While Mexico represents the second-largest national export market with over \$17 billion per year. US chemical exports to Japan total about \$10 billion per year. Including them in the TPP along with the current members would significantly expand the potential economic benefits for our members.

ACC supports including these countries in the TPP as long as they are willing to commit to a high standards, comprehensive agreement with no *a priori* exclusions, and their participation will not complicate or delay the process for concluding the agreement in 2012. We also encourage all three governments to accept text already agreed to by the existing negotiating partners, and not reopen those texts.



ACC and its members believe significant commercial and strategic benefits will accrue to U.S. businesses as a result of the TPP, both in the short-term through the elimination of trade barriers, and exponentially into the future through the increased productivity and growth that will result from regional liberalization. In order to deliver these benefits, however, ACC and its members ask that all current and prospective TPP negotiating parties commit to addressing the following key issues during the negotiations:

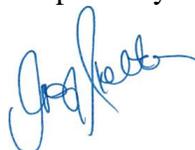
- **Non-Tariff Barriers:** A successful TPP will result in the elimination of non-tariff barriers (NTBs). NTBs can seriously undermine the market access benefits of tariff elimination, and therefore should be eliminated as part of the overall trade liberalization process. Different than duties, taxes, and import quotas, non-tariff barriers include the broad range of regulatory and standards impediments that represent de facto market barriers. A key negotiating objective in the TPP should be to achieve essential efficiencies that will lead to greater market access. We believe the TPP provides an opportunity to address non-tariff limitations.
- **Tariff Barriers:** A successful TPP would result in the immediate reduction or elimination of chemical tariff and import duties once the agreement goes into force and with limited phase-in periods only where necessary. Chemicals are used in the production of over 95% of all manufactured goods, meaning that early liberalization of chemical tariffs would have a catalyzing impact on other manufacturing industries.
- **Rules of Origin:** The TPP negotiations provide an opportunity to harmonize the varying rules of origin. Alternatively, the TPP could offer business the flexibility of choosing among the rules to take advantage of those that will provide the greatest benefits, on an interim basis, as a transition to a single harmonized set of rules. For ACC members, rules of origin for chemicals are a vitally important aspect in the achievement of genuine market liberalization for our products.
- **Regulatory Coherence:** For ACC, achieving a robust regulatory coherence chapter in the TPP is an essential component of a high standard 21<sup>st</sup> century agreement. The TPP should include a transparent, effective, enforceable, and mutually coherent regulatory coherence chapter which is both risk and science based, adheres to international best practices, and ensures high levels of collaboration among governments and their stakeholders.
- **Customs Issues and Trade Facilitation.** ACC is in favor of greater transparency, efficiency, and procedural uniformity of cross border transportation of goods. The ability to move product over the border is crucial, and achieving greater consistency in customs authorities' application of rules, product classifications, and licensing requirements would result in a better business environment for our members.
- **Environmental Goods and Services:** ACC opposes a separate mandate in the TPP for the elimination of trade barriers for environmental goods and services. There is no agreed definition of what constitutes an environmental good, and product coverage can therefore be arbitrary and discriminatory. The goal of the TPP, and for that matter all FTAs, should be tariff elimination across the board, so a separate environmental goods mandate is not necessary.
- **Intellectual Property:** The highest levels of protection for intellectual property are an essential element of economic growth and innovation for ACC member companies. The



TPP should reinforce and develop existing WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) rights and obligations to ensure an effective and balanced approach to IP rights among the TPP trading partners.

ACC appreciates this opportunity to present its views on the TPP negotiations and looks forward to working with the Administration to achieve a truly 21<sup>st</sup> century regional arrangement that will benefit consumers and industry alike.

Respectfully submitted,



Greg Skelton,  
Senior Director, Regulatory & Technical Affairs

