A PRO-GROWTH, PRO-COMPETITIVENESS AGENDA FOR CHEMICAL MANUFACTURING

3 REASONS AMERICA'S LEADING MANUFACTURING INDUSTRY IS POISED TO DRIVE ECONOMIC GROWTH AND JOB CREATION NATIONWIDE

The American Chemistry Council (ACC) and its members are united in support of a comprehensive policy agenda that energizes economic growth and job creation in the U.S., and are ready to help drive it. The competitive advantage of American chemical manufacturing, largely due to shale gas, provides a unique opportunity to drive a broader expansion of manufacturing in the U.S. Maximizing this opportunity will require the development and implementation of a world leading, pro-competitive policy and regulatory environment: on energy, infrastructure, tax and trade.
The chemical sector is heavily dependent on engaging in global markets—and with a strong and growing trade surplus, we are trading from a position of strength. It all starts with shale gas.

SHALE GAS: A GAME-CHANGER FOR U.S. GROWTH

With the development of shale gas and the surge in natural gas liquids supply, the U.S. has moved from being a high-cost producer of key petrochemicals and resins to among the lowest-cost producers globally. This shift in competitiveness is driving significant flows of new capital investment toward the U.S., with **317** natural-gas related projects already announced, valued at more than **$185 billion** (as of December, 2017). More than **$88 billion** in new projects have been completed or are currently under construction.

ACC anticipates that this investment will significantly expand production as new capacity comes online. This will enable the business of chemistry to continue adding high-paying jobs at least through the end of the decade. U.S. chemical exports are expected to grow as external demand becomes more robust. **Gross exports** of specific key chemistries directly linked to shale gas, such as polymers, plastic resins and specialty chemicals **will more than double** by 2030. By the end of this decade, the chemical sector as a whole will post **record trade surpluses**. This increases the importance of effective engagement with new and old trading partners to ensure a level playing field for U.S. chemical manufacturers and for U.S. manufacturing as a whole.

- The chemical manufacturing industry plays an important role in stimulating future growth and overall U.S. export competitiveness. It is one of our nation's top exporting industries, with ***$174 billion*** in annual exports, accounting for **14 percent** of all U.S. exports in 2016. The industry employs **811,000** men and women, and of these jobs, more than **30 percent** are export dependent.
- The chemical sector is responsible for an outsized share of economic production. Chemistry is the primary building block for an expansive range of downstream industries, including automotive, agriculture, buildings and construction, pharmaceutical, transport, textiles, and many others. More than **96 percent** of all manufactured goods rely on chemistry.

TRADE AGREEMENTS: A KEY ELEMENT OF A PRO-COMPETITIVE AGENDA

The U.S. chemical industry's success largely hinges on being engaged in global markets. Aggressively pursuing trade agreements that work for America is a key element of a larger strategy to help American companies effectively reach new customers and compete in global markets. Given the global nature of the chemical supply chain, the implementation of industrial policies that lead to further trade liberalization will help companies reach economy of scale in sourcing and shipping of materials and products.

- The chemical industry's supply chain is reliant on both domestic and international production. A comprehensive industrial policy agenda will ease the burden of intra-company and industry trade.
- More than **70 percent** of the materials we import and almost half of U.S. chemical exports are intra-company, meaning one company exchanges materials with its overseas affiliate. Eliminating tariffs on intra-company trade would help U.S. chemical manufacturers save **millions of dollars** that can be put toward new U.S. investment and new jobs.
- If America does not play a key role in setting the agenda to capitalize on trade agreements, other countries will likely step in and drive the agenda to their advantage, leaving Americans behind. To ensure that trade can work for Americans, the U.S. needs to lead.

STRATEGIC LEADERSHIP: ADRESSING EMERGING POLICY ISSUES

U.S. trade policy has focused on promoting strong, enforceable rules to help boost the international trading system. In addition to high standards on tariff liberalization, there is an opportunity to pursue measures to remove regulatory and other non-tariff barriers to exports, and promote a more integrated and efficient regulatory environment. Such provisions are essential to eliminating barriers that may act as a drag on economic growth and job creation. Given its global footprint, the chemical sector can be a key focus for efforts to drive greater global regulatory coherence for U.S. manufacturers.

- Increasingly, U.S. chemical manufacturers are facing regulatory and other non-tariff barriers in accessing overseas markets. The negotiation of high quality trade agreements provides a key opportunity to address these 21st century barriers.
- U.S. leadership to drive international regulatory coherence can help eliminate unnecessary burdens on regional cross-border trade, reduce costs, promote investment, and provide more certainty for businesses and the public.