



Working for chemical and pharmaceutical businesses

## Joint Comments by the U.S. and UK Chemical Industry Associations Regarding Bilateral Trade Negotiations

May 11, 2020

The UK Chemical Industries Association (CIA) and the American Chemistry Council (ACC) strongly support the negotiation of a high-standard, market-opening, comprehensive agreement between the United Kingdom and the United States. This agreement has the potential to establish a durable and lasting economic pillar for the UK-U.S. special relationship. It will also increase and support cross-border trade and investment in the chemicals sector, which touches on 96 percent of all manufacturing, a key industry in both countries.

A starting point for the negotiations is the United Kingdom's membership in the World Trade Organization (WTO). For the chemicals sector, the WTO [Chemical Tariff Harmonization Agreement \(CTHA\)](#) forms the foundation for trade in chemicals and plastics. The CTHA harmonizes the chemicals and plastics tariff rates of its participating members at certain levels (from zero to 6.5 percent). We encourage the United Kingdom to work with the United States and other CTHA members to join this important agreement, which will encourage other countries to join either as accession members or existing members of the WTO.

As the United Kingdom and the United States advance their negotiations, we encourage them to reflect the perspectives below:

1. **Tariff elimination.** We support full, immediate tariff elimination for Chapters 28-39 of the Harmonized System upon entry into force of the agreement, without staging of tariff reductions or transition periods.
2. **Rules of Origin.** We support rules of origin that are clear, simple, and transparent. The goal of a UK-U.S trade agreement should be to reduce transaction times and costs to the maximum extent possible. It should be the right of the importer and exporter of record to select from a menu of options, including chemical reaction, in providing proof of origin for trade transactions. The rules of origin should also avoid mandatory rules on regional value content and limit the voluntary use of this rule as much as possible.
3. **Regulatory Cooperation.** We believe that regulatory cooperation is a powerful mechanism for preventing barriers to trade, aligning regulatory procedures, and creating efficiency gains for chemical manufacturers, particularly small and medium-sized enterprises. Our shared goal of regulatory cooperation does not assume the wholesale replacement of one chemical regulatory system for another, however. A UK-U.S. trade agreement will keep existing regulatory regimes concerning chemical substances in place, while opening new avenues for cooperation between regulators. Given the historically strong alignment between the United Kingdom and the United States and common values and views on high quality, relevant, and reliable science, and on the value of risk based approaches, we encourage both governments to commit to greater

regulator-to-regulator dialogue with the long-term goal of aligning interests in key multilateral fora (i.e., OECD, UN negotiations)

More efficient and effective cooperation between the regulatory chemicals management systems in the UK and the U.S. should include common principles for information sharing, prioritizing chemicals for review and evaluation, and coherence in hazard and risk assessment (identifying the best available science, based on the weight of the scientific evidence). A harmonized approach to data requirements and assessment would simplify the registration process, improve transparency and be more efficient for companies in both economies, while providing effective human health and environmental protection. Both governments should focus on the issue of common principles for data quality, including utility, objectivity (which includes reproducibility) and integrity.

UK and U.S. regulators should establish and expedite pilot projects to identify further areas of cooperation and mutual recognition of data using validated OECD test methods where possible. For example, commitments should include the promotion of greater coherence between diverging U.S. and UK Classification and Labelling schemes and the implementation of the UN Globally Harmonized System for Classification and Labeling (GHS) as a common classification inventory (effectively leveraging existing work). Such a common approach would reduce or eliminate the need for dual classifications for chemical substances, reduce costs and inefficiencies for companies and governments, and facilitate trade. This could include discussions on common data formats, and common approaches to global platforms for data sharing (such as IUCLID). Greater efficiency between the U.S. and UK regulatory models should focus on the efficiency and commonality of ensuring high standards of health and human safety – fostering more efficient compliance by large and small companies; encouraging innovation and access to market; creating resource sharing opportunities for regulators; and supporting greater transparency and credibility with the public.

4. **Innovation.** The United Kingdom and the United States should capitalize on opportunities for innovation and deployment of sustainable technologies ensuring society and the environment is protected alongside the ability to innovate. We recommend that both governments commit to assessing and addressing the impact on innovation when considering policy or regulatory decisions in order to protect the ability the ability of companies to innovate while protecting human health, safety, and the environment. For example, they could agree on joint steps to incentive further research and development; streamline and ensure efficient regulation to commercialize leading edge technologies and products; and establish policy that rewards economic, public health, and environmentally sustainable practices and investments.

Both governments should work together to identify and promote an enabling agenda that both encourages further investment and streamlines access to third country markets worldwide in support of deployment and implementation of these products and technologies. Both governments should avoid restrictive or punitive policy that discourages innovation.

An enabling policy agenda should:

- Identify public policies and governmental programs that can spur innovation in sustainability-related and public health technologies;
- Build new partnerships between government-innovation programs and investors around challenges in building sustainable and public health products and processes; and
- Engage policymakers on regulatory and policy obstacles to innovation and adoption of new technologies to maximize societal impact.

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