Joint Recommendation from the Combined North American Chemical Industry

USMCA/CUSMA/T-MEC Sectoral Working Group on Chemicals

The United States, Mexico, Canada Agreement (USMCA/CUSMA/T-MEC) includes an Annex on Chemical Substances ("Annex") that addresses technical standards and areas of regulatory cooperation on chemical substances and mixtures. However, this Annex has not been implemented and requires more specific objectives that can better achieve reciprocal and mutually advantageous concessions. Establishing a Working Group under this Annex would help with its implementation and enforcement as well as fulfill the stated objectives of the USMCA (CUSMA/T-MEC) review.

Using the chemical sector as a model, this Working Group would implement current USMCA (CUSMA/T-MEC) commitments in line with the objectives of the USMCA (CUSMA/T-MEC) review by establishing new models of innovative economic frameworks that support value chains where North America has a competitive advantage, such as mechanical and advanced recycling and waste management. This Working Group would also focus on addressing unfair trading practices and overregulation that are impacting North American production, jobs, and exports by

i. enshrining science-based regulatory frameworks that will advantage North American production over hazard-based approaches from other countries;
ii. increasing market access for exports through streamlined customs procedures and trade facilitation measures;
iii. ensuring a level playing field against Non-Market Economy (NME) practices; and
iv. increasing investment and job creation in innovative industries, such as in waste management and recycling

Specific priorities and activities would be established under this Working Group to meet these objectives:

1. **Expand and Maintain North American Critical Manufacturing Investments**

    - Establish an economic model that prioritizes the essential role of chemistry to expand advanced manufacturing investments, secure safe and sustainable energy supply with chemistry inputs, and develop competitive investments in critical supply chains (e.g., semiconductors, pharmaceuticals, critical minerals).
    - Organize a workshop to demonstrate availability of North American production of essential chemistry inputs that would promote greater North American investment.

- Develop a data matrix to monitor and share information on critical overcapacity cases demonstrating unfair import competition for potential trade enforcement action.
- Close loopholes in trade agreement or other origin provisions that prevent circumvention of North American country tariff protections from NME practices and approaches.

2. **Advance a Competitiveness Framework that Advantages New North American Production and Exports**

    - Adopt streamlined regulatory requirements to eliminate bureaucracy and duplication (for example, regulatory or animal testing requirements), ensuring access for companies that are innovating new products and technologies.
    - Simplify regulatory frameworks with streamlined, efficient regulations based on sound science and risk-based principles.
    - Identify areas for common approaches including shared data, prioritization, and risk assessments to ensure high standard, efficient regulatory procedures.
    - Avoid agreements that require businesses to adopt non-science, hazard-based, or arbitrary standards for trade.

3. **Secure Access to Key Materials Needed for New North American Manufacturing Investments**

    - Enable increased investment in the manufacturing of circular materials by incentivizing the enhancement of waste management and recycling infrastructure, including creating value for waste materials as feedstock rather than products to be landfilled.
    - Develop more business-friendly standards for advanced chemical and mechanical recycling based on Basel Environmentally Sound Management (ESM) standards.
    - Cooperate on best practices or principles to encourage circular economy investments based on market incentives and achievable business models instead of over regulatory approaches.
    - Secure access to feedstock by harmonizing or enabling mutual recognition of procedures, definitions, and standards that enable use of feedstock for new product manufacturing, such as aligning on harmonized “end of life, end of waste” definitions.

4. **Facilitate Trade in Key Materials Needed for New North American Investments**
    - Streamline transport and customs processing (i.e. “green lane”) requirements to fast-track responsible trade in waste feedstock materials to certified facilities to help scale recycling investments.

- Secure investment in customs innovation, including automation to eliminate unnecessary paperwork and promote fast-track customs processing with greater transparency and security.
- Ensure access to inputs needed for North American production (i.e., through "trusted trader" agreements with like-minded suppliers) and promote equivalent treatment.
- Develop industry-led supply chain due diligence requirements that facilitate legitimate trade and combat illegal or illicit trade (e.g. fentanyl, illegal dumping of plastic waste).