

Chris Jahn
President & CEO



The Honorable Katherine Tai
Ambassador
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

May 11, 2021

Dear Ambassador Tai:

Your unanimous confirmation as the U.S. Trade Representative on March 17 was a historic moment for U.S. trade policy and the global trading system. We welcome your commitments to rebuilding our relationships with allies and leveraging trade policy to advance job growth, support innovation and increase prosperity for American workers, companies and citizens. We also look forward to your appearance at the Senate Finance Committee and House Ways and Means Committee hearings on the President's 2021 Trade Policy Agenda on May 12 and May 13, respectively.

U.S. chemical manufacturers strongly support a robust and forward-looking trade agenda that benefits all Americans - workers, families, consumers, and businesses alike. Ninety-six percent of all manufactured goods are touched by chemistry, which means that the competitiveness of the U.S. chemical industry impacts all the downstream industries across the value chain who are our customers, as well as their workers and ultimately consumers.

The business of chemistry is a \$565 billion enterprise in the United States, directly employing over a half a million workers and indirectly supporting over four million jobs in other industries. Our industry plays an important role in many elements of the Biden Administration agenda. For example, we are:

- Developing innovations and technologies critical to combatting climate change¹ and making our world more sustainable;²
- Manufacturing goods and inputs necessary for combatting the COVID-19 pandemic³ and a range of United Nations Sustainable Development Goals (SDGs),⁴ including food security;
- Increasing investments in manufacturing in the United States and growing jobs;⁵

¹ ACC Policy Recommendations for a Lower Emissions Future: <https://www.americanchemistry.com/ACC-Policy-Recommendations-for-a-Lower-Emissions-Future.pdf>.

² ACC – The Science Behind Sustainability: <https://www.americanchemistry.com/Sustainability/Overview.html>

³ ACC Public Comments to the U.S. International Trade Commission on COVID-19 Related Goods: https://www.americanchemistry.com/ACC-Public-Comments-to-USITC-re-COVID-19-Related-Goods-Investigation_0920.pdf

⁴ ICCA – UN Sustainable Development Goals: <https://icca-chem.org/focus/sustainability/sdg/>

⁵ ACC – The Business of Chemistry by the Numbers: <https://www.americanchemistry.com/Business-of-Chemistry-by-the-Numbers/>



- Fostering inclusiveness and diversity in our industry,⁶ which relies on a highly skilled, educated, and well-paid work force; and
- Scaling up advanced recycling technologies to convert hard-to-recycle plastics into feedstocks for manufacturing, increasing circularity and helping keep used plastics out of the environment.⁷

Tariff Relief is Critical to U.S. Manufacturing Competitiveness

For the U.S. chemical industry to accomplish these objectives, we need a smarter and more pragmatic approach to trade that is rooted in competitiveness and strengthens the resiliency of global supply chains for chemicals and plastics. Our main factor of competitiveness is access to low cost and abundant natural gas, which is the primary source of feedstock and energy source for manufacturing chemicals in the United States. Another factor of competitiveness is our ability to import, at low cost, intermediate inputs and necessary critical materials, which chemical manufacturers use in their manufacturing processes in the United States. When U.S. tariff rates are low, our industry is more competitive and grows and thrives. This is why ACC strongly supports delivering tariff relief to U.S. chemical manufacturers by passing the Miscellaneous Tariff Bill (MTB); renewing the Generalized System of Preferences (GSP) program; and rolling back the China Section 301 tariffs.

The U.S. Chemical Industry Supports Full and Effective Implementation of the USMCA

The chemical industry has historically benefited from opening new markets, high standard trade agreements, and low or zero tariffs. The U.S.-Mexico-Canada Agreement (USMCA) embodies this approach, which is why ACC joined together with our counterpart associations in Canada and Mexico to support its negotiation and entry into force. Our industry remains closely aligned across all three geographies to support its full and effective implementation,⁸ including important provisions on regulatory cooperation for chemical substances; marine litter; trade facilitation; digital trade; technical barriers to trade (TBT); and good regulatory practices (GRP). USMCA implementation will increase protections for human health, safety, and the environment in North America. We also know that free trade agreements are the products of negotiation and can always be improved. We commit to serve as partners and resources as you review U.S. trade policy and implement the U.S. trade policy agenda.

New Market Access and a Level Playing Field Can Drive U.S. Economic Growth

In that regard, U.S. free trade agreements, including USMCA, should inform strategies and negotiations for opening new growth markets for U.S. exports. The U.S. chemical industry is poised to grow our trade surplus of \$29 billion in 2020 and capitalize on the historic investments in U.S. chemical manufacturing capacity. We support your review of ongoing trade agreement negotiations and hope you can continue them. We also urge you to develop a new, long-term strategy for opening the growth markets of the future to U.S. exports, including chemicals and plastics. Many of those markets have high tariff barriers that currently impede U.S. exports, including through retaliatory tariffs. They also impose burdensome and opaque regulations that

⁶ Future of STEM Scholars Initiative (FOSSI): <https://www.aiche.org/equity-diversity-inclusion/FOSSI>

⁷ ACC – Recover & Repurpose: Keeping Plastics Out of the Environment: <https://plastics.americanchemistry.com/recycling-and-recovery/>

⁸ Joint ACC, CIAC, and ANIQ Letter to USMCA Trade Ministers from April 22, 2021:

<https://www.americanchemistry.com/trade/Joint-ACC-CIAC-ANIQ-Letter-to-USMCA-Trade-Ministers.pdf>

could tilt the playing field at the expense of U.S. companies. If these markets adopt and implement the high standards embedded in U.S. free trade agreements, U.S. chemical manufacturers will benefit from a more transparent, certain, and level playing field that lowers our costs and increases our competitiveness.

The China Market is Critical to U.S. Chemical Industry Success

We value USTR's commitment to addressing trade barriers in all key markets, including China. We recognize the important challenges to address with China, including competition with state-owned enterprises (SOEs), industrial subsidies, and unfair trade practices. As the U.S. chemical industry, we also recognize the important competitive value of engaging in the China market, which supports U.S. production and exports, as well as innovation capacity to access customers both in China – and around the globe. We look forward to working with you on the value chain approach that ensures U.S. companies and workers can competitively access these key markets, with fair national treatment as well as equal access to competition.

The U.S. Chemical Industry Supports a Trade Policy that Embraces Sustainability and Circularity

Furthermore, the United States must have a trade policy that enables greater sustainability and circularity in the global economy. The most clear-cut way to get started is by eliminating tariff and non-tariff barriers on both the final goods necessary to combat climate change *and* the materials necessary to manufacture those goods and implement those technologies. We support a model for trade where used plastics do not enter the environment, but are captured in increasingly circular systems. With recycling facilities that meet the highest standards of worker and environmental protection, trade can be an effective way to ensure used plastics are recycled and able to remain in the economy rather than as litter in our environment.

Such policies encourage investment in these critical endeavors and in turn enable the creation of high-paying, high skilled, long-term jobs. Trade policy can make a difference. That approach supports better environmental practices and provides opportunities to foster economic development in key markets and emerging economies, particularly innovative new manufacturing value chains around recycled feedstock. And we support a model for trade where close trading partners do not take trade-distorting unilateral actions in the name of the environment, but rather cooperate with one another to identify and address their environmental challenges in concert while avoiding harmful trade disputes.

The U.S. Chemical Industry Strongly Supports Modernization of the World Trade Organization (WTO)

Finally, the WTO and the multilateral trading system are of paramount importance to the U.S. chemical industry. We are leading efforts with our global chemical industry partners under the International Council of Chemical Associations (ICCA) to promote our policy positions on WTO modernization, which touch on procedural reform, possible negotiations, and importantly, environmental sustainability. We support a WTO with three strong legs: negotiations, implementation and monitoring, and dispute settlement. This promotes a sense of certainty in the global trading environment while addressing and minimizing barriers to trade in the long run. U.S. businesses need this certainty not just to operate, but to invest, innovate, hire, and grow. We

look forward to partnering with you on these initiatives, and providing additional information with you on WTO modernization in the coming months.

As ACC works with you and the talented experts of the USTR team to address our shared objectives, we ask that you consider the attached trade policy priorities for a competitive U.S. chemical industry. We welcome the opportunity to meet with you this year to discuss these objectives further.

Best regards,

A handwritten signature in blue ink, appearing to read 'CJahn', with a long horizontal flourish extending to the right.

Chris Jahn
President and CEO
American Chemistry Council