



ACC TRADE POLICY PRIORITIES

-2021-

*Smart Trade Policy to Enhance U.S.
Chemical Industry Competitiveness*

and

*Achieve a Healthier, Safer, More
Secure, and More Just Society*

Industry Profile

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 change and making our world more sustainable;
- Manufacturing goods and inputs necessary for combatting the COVID-19 pandemic and a range of United Nations Sustainable Development Goals (SDGs);
- Increasing investments in manufacturing in the United States and growing jobs;
- Fostering inclusiveness and diversity in our industry, which relies on a highly skilled, educated, and well-paid workforce; and
- Scaling up advanced recycling technologies to convert hard-to-recycle plastics into feedstocks for manufacturing, which increases circularity by putting used plastics back to work and keeping them out of the environment.



ACC Trade Policy Vision

U.S. chemical manufacturers share the U.S. Administration's vision for a trade policy that benefits all Americans by:

- Accelerating a wide-scale, equitable recovery from the devastation of the COVID-19 pandemic, and supporting American workers and businesses that may experience supply chain shocks caused by future public health crises;
- Fostering innovation in sustainable materials, products, and technologies to reduce emissions and increase energy efficiency;
- Mobilizing every segment of society to fight climate change; and
- Achieving tangible progress in improving the social, environmental, and economic health of underserved communities around the globe.

Our industry's ability to contribute to this vision depends on a robust partnership with the U.S. Administration on:

- Incentivizing investment in U.S. chemicals production capacity to enhance competitiveness and spur new jobs, economic growth, and innovation;
- Cultivating resilient and strategically integrated global supply chains that help keep business costs low, workers' wages high, and essential products readily available;
- Facilitating imports of intermediate inputs that enhance U.S. manufacturing processes and strengthen our industry's competitive advantage; and
- Boosting exports of innovative chemicals and plastics products that are the foundation of sustainable materials, products, and technologies.

5 Imperatives for Immediate Action

To maximize the U.S. chemical industry's ability to support the Biden Trade Policy Agenda, ACC and our coalition partners throughout the value chain are advocating for the U.S. Administration to:

1. Open **new markets** for U.S. exports of innovative chemicals and plastics;
2. Deliver much-needed **tariff relief** to U.S. businesses and consumers;
3. Reduce and prevent **non-tariff barriers to trade** through greater regulatory cooperation in key regions and markets;
4. Cultivate resilient and strategically integrated **global supply chains**, particularly with key trading partners; and
5. Modernize the **World Trade Organization (WTO)** and the rules-based international trading system.

1) Creating New Market Access

Identify and open new growth markets for exports of innovative U.S. chemicals and plastics, and negotiate to reduce or eliminate tariffs

- Open new export destinations for U.S.-made chemicals and plastics through bilateral, regional, plurilateral, and multilateral agreements and negotiations, including by:
 - Continuing and concluding ongoing free trade agreement negotiations;
 - Reaching a China Phase 2 trade deal that repeals additional U.S. tariffs and China's retaliatory tariffs, and lowers China's most-favored-nation (MFN) tariffs;
 - Entering into new free trade agreement negotiations with key trading partners and emerging markets;
 - Exploring entry into existing regional agreements such as the Comprehensive and Progressive Trans-Pacific Partnership;

- 
- Pursuing accessions to the World Trade Organization (WTO) Chemical Tariff Harmonization Agreement (CTHA); and
 - Pursuing focused tariff elimination with key trading partners and emerging markets wherever possible.

2) Tariff Review, Reform, Relief, and Avoidance

Fully and transparently assess economic and social impact of U.S. additional tariffs to facilitate their repeal; lift retaliatory tariffs; and achieve a collective de-escalation of tariff wars

- Launch a U.S. International Trade Commission (USITC) or Government Accountability Office (GAO) study on the impact of additional tariffs – under Section 301, Section 232, and Section 201 – on the U.S. economy;
- Pursue common-sense reform of Section 301 and Section 232 to make their use more transparent, more strategic, and less burdensome on critical industries that use imports to enhance their competitiveness;
- Seek concessions from trading partners or alternative approaches to addressing problems that would enable full repeal of Section 301 and Section 232 tariffs;
- Exclude products from the Section 301 tariffs if those products also receive MFN duty suspensions or reductions under the Miscellaneous Tariff Bill (MTB);
- Suspend MFN and Section 301 tariffs on COVID-19 essential goods and input as identified by the USITC;
- Pursue full reauthorization of MTB with retroactivity as well as renewal of the Generalized System of Preferences (GSP);
- Eliminate tariffs on chemicals that support the manufacturing of goods essential to combating climate change and addressing other sustainable development goals (e.g., clean water, energy efficiency, food safety, and food security); and

- Avoid imposing further additional tariffs on imports of chemicals, and avoid inviting retaliation by U.S. trading partners on U.S. exports of chemicals.

3) Addressing Non-Tariff Barriers

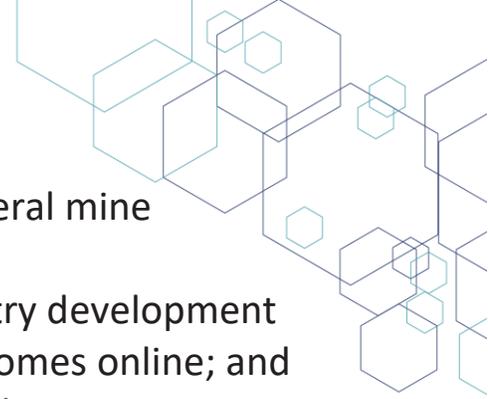
Resolve existing trade barriers, and prevent future ones, by incorporating and enforcing regulatory cooperation provisions in both current and future trade agreements

- Fully implement all provisions of the United-States-Mexico-Canada Agreement (USMCA), paying particular attention to the provisions on regulatory cooperation for chemical substances, technical barriers to trade, good regulatory practices, the Rules of Origin (ROO) for chemical substances, trade facilitation, digital trade, and marine litter provisions;
 - Continuously identify improvements to USMCA in advance of its six-year review in 2026
- Ensure trade negotiations achieve greater regulatory cooperation between the United States and priority trading partners (e.g., United Kingdom, European Union, Brazil, India, China, and Republic of Korea) and emerging markets (e.g., Argentina, Colombia, Philippines, Thailand, and Vietnam);
- Ensure U.S. trading partners abide by their transparency commitments in FTAs and at the WTO;
- Reinforce Asia-Pacific Economic Cooperation (APEC) work on regulatory cooperation and good regulatory practices (within the Chemical Dialogue and across APEC fora); and
- Support effective dispute settlement in trade agreements, including through investor-state dispute settlement provisions.

4) Building Resilient Supply Chains

Cultivate resilient and strategically integrated global supply chains that help keep business costs low, workers' wages high, and essential products readily available

- Refocus U.S. efforts toward making supply chains more resilient, including through greater cooperation with allies;
- Prioritize intermediate inputs neither made in the United States nor made in sufficient quantity/quality, and with necessary access to customer markets;
- Collaboratively identify and assess exogenous shocks to supply chains of concern to the chemical industry and potential impacts on downstream industries;
- Identify opportunities in key customer industries that support increased market base for U.S. producers;
- Identify and establish appropriate incentives for U.S. chemical manufacturers to continue to invest in manufacturing in the United States. Incentives could include:
 - Tax credits and abatements;
 - Expedited permitting for plant construction or upgrading;
 - Timely review and approval of new chemistries under the U.S. Toxic Substances Control Act (TSCA);
 - Programs to educate the workforce in response to industry needs;
 - Facilitation of high skilled immigration;
 - Access to worker training/retraining programs;
 - Public-private partnerships for research and development of new materials and technologies;
 - Potential cost-shared grants to support domestic capital investments for key upstream materials, including chemical inputs, as well as infrastructure;

- 
- Low-interest loans that support critical mineral mine development;
 - Funding to support new downstream industry development if new on-shore supply of critical minerals comes online; and
 - Relief/insurance for domestic supply chain disruptions, e.g., hurricanes, wildfires, and winter storms.

5) WTO Modernization

Modernize the World Trade Organization and the rules-based international trading system to protect, promote, and enforce free and fair trade around the globe

- Facilitate update of WTO dispute settlement process by identifying and promoting a package of reforms that can generate consensus within WTO membership on restoring Appellate Body;
 - Advance negotiations on digital trade and investment facilitation;
 - Enhance WTO operational/procedural transparency and stakeholder engagement, with:
 - Full notification of proposed and final measures; and
 - Greater opportunities for chemical industry stakeholder input and participation in WTO meetings and events.
 - Explore how trade relates to climate change, circular economy, plastic pollution, biodiversity, fossil fuel subsidies, decarbonizing supply chains, and carbon border adjustment;
 - Ensure regulatory cooperation is an integral part of WTO modernization;
 - Seek tariff elimination/reduction for chemicals via appropriate mechanisms, such as:
 - Accessions to Chemical Tariff Harmonization Agreement (e.g., Argentina, Brazil, Chile, Colombia, select ASEANs); and
 - Plurilateral initiatives on sustainable materials and environmental goods.
- 