



Joint ACC-Cefic Statement

23 April 2012

EUROPEAN COMMISSION PUBLIC CONSULTATION ON EU-US HIGH LEVEL WORKING GROUP ON JOBS AND GROWTH

The European Chemical Industry Council (Cefic) and the American Chemistry Council (ACC) strongly support an ambitious and comprehensive trade agreement between the European Union and the US. Such an agreement should go beyond a simple free trade agreement to include “21st century” trade issues such as regulatory cooperation and other potential non-tariff barriers. In light of the need to promote continued economic recovery, and in light of the continued stalemate at the multilateral trade negotiations, we urge the EU and the US to promote a trade policy which rejects protectionism at home and focuses on the opening of markets abroad.

Any effort to strengthen the current EU-US trade relationship should include the following areas.

Tariff liberalization, Market Access and Trade facilitation

In the context of an EU-US bilateral trade agreement we call for full elimination of chemical tariffs without exceptions as well as the elimination of non-tariff barriers, with short transition periods. Chemical trade between the US and EU is significant. Two-way trans-Atlantic trade accounted for €54 billion in 2011, of which 35%-40% concerns intra-company trade. Given that import duties on chemicals on both sides of the Atlantic are on average about 3%, the elimination of the industrial tariffs would entail considerable savings -more than € 0.5 billion per year- for intra-company trade alone. Moreover, chemicals are at the start of the value chain and elimination of import duties would give a significant boost for the economies on both sides of the Atlantic. We welcome the agreement on mutual recognition of both the Authorised Economic Operator (AEO) and Customs-Trade Partnership Against Terrorism (CTPAT) and call for fast implementation.

Regulatory cooperation

For the chemical industry and our downstream customers, commitment to fully implement the 2002 Guidelines on Regulatory Cooperation would be a key first step in promoting more open, efficient regulatory environments. Full and detailed implementation of the guidelines – including interactive consultation of affected industry would be invaluable to removing unnecessary barriers and inefficiencies for chemical industry and our customers.

While the level of health and environment protection afforded by the chemicals management systems in the EU and US are comparable, the regulatory systems are fundamentally different. Since 1990 efforts have been undertaken to improve regulatory cooperation but these have not been very successful. The agreement should stimulate regulatory agencies to step up cooperation and where possible mutual recognition of regulatory data compliance.

Simplifying the regulatory processes, improving transparency and promoting efficiencies – such as common data sets and definitions - in regulatory processes are key objectives. Additionally, the



EU/US trade initiative should identify key emerging technologies and develop a coordinated path forward for common approaches. Many of these future technologies are already identified in the Transatlantic Economic Council (TEC).

Protection of Intellectual Property

We equally call for a strong intellectual property rights regime, including protection of trade secrets, going beyond WTO Trade Related Aspects of Intellectual Property Rights (TRIPS) through active regulatory and enforcement cooperation, and with clear rules to protect the free flow of cross border data.

Conclusion

Cefic and ACC are in favour of an ambitious and comprehensive EU-US trade agreement which contains full tariff liberalization and with a strong commitment to improve market access.

It is clear that there are important differences between the US and Europe in terms of their approaches to chemical regulation (both existing and prospective), including legal, regulatory, social and cultural differences. The processes through which chemical regulatory policy are implemented also create the potential for sensitivities for the business community on both sides of the Atlantic. In light of the potential sensitivities, efforts toward regulatory cooperation might be usefully focused on developing and agreeing key principles on several priority areas in chemical management. Indeed, a small set of discrete principles may well be the most constructive method to foster improvements in the chemical regulatory environment. Such principles could also form a basis for regulatory cooperation globally. A cooperative approach has significant potential to streamline the transatlantic market, and establish a high standard for cooperative third country engagement.

Other important elements are the integration of both negotiated and pending TEC regulatory cooperation principles into binding commitments, the adoption of measures to simplify custom procedures, and a strong Intellectual Property Rights regime.

We are confident that this approach can also serve as a model for other current or future bilateral negotiations.

A handwritten signature in black ink that reads "Cal Dooley".

Calvin M. Dooley
President & CEO
American Chemistry Council

A handwritten signature in black ink that reads "Hubert Mandery".

Hubert Mandery
Director General
European Chemical Industry Council