POLICY PAPER

U.S. Position on the Chemical Industry in TTIP Negotiations

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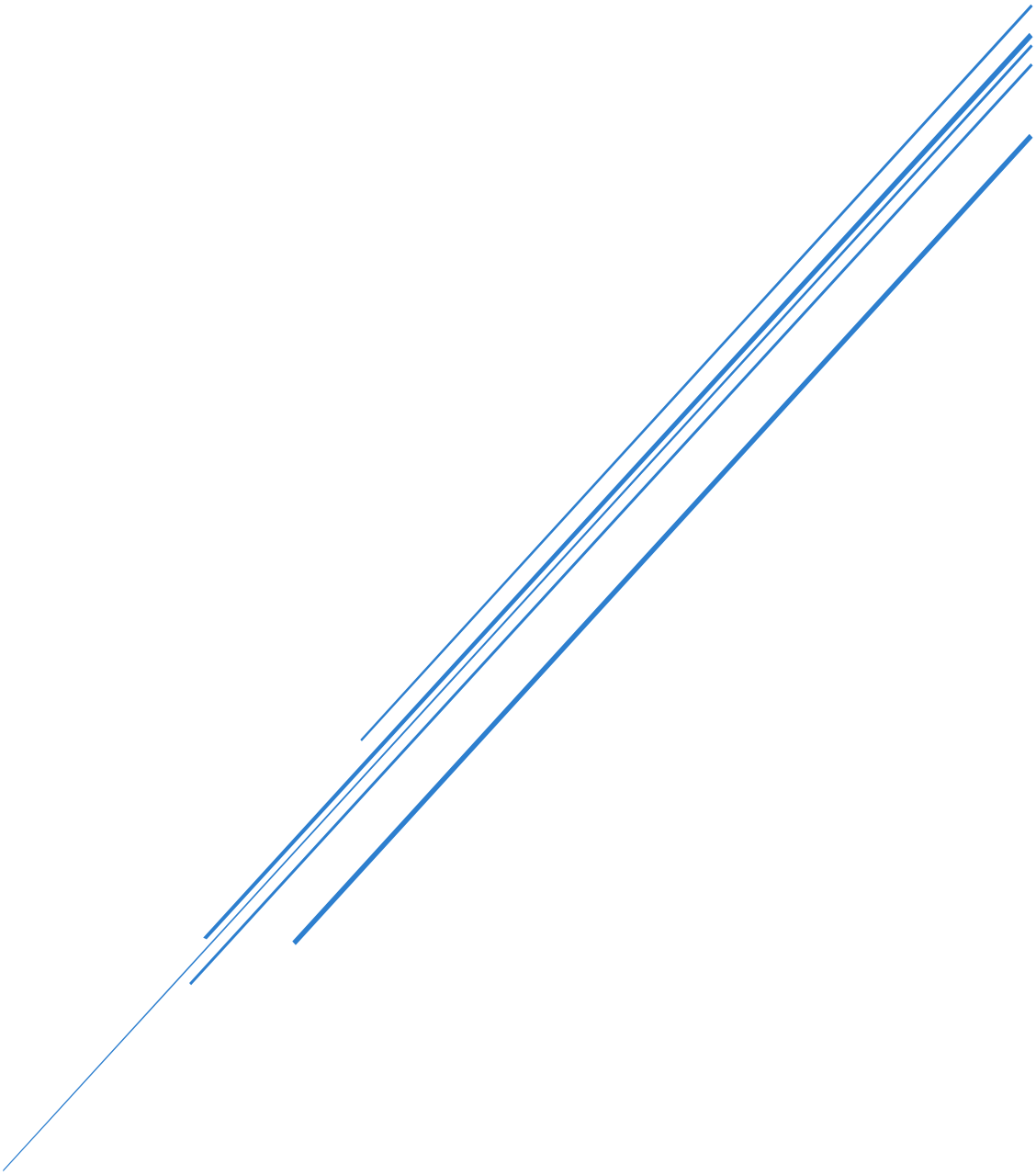

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Introduction

The Transatlantic Trade and Investment Partnership (TTIP) is one of the most ambitious trade agreements between the European Union (EU) and the United States. This paper explores the U.S. position regarding the chemical industry in the context of TTIP negotiations. The chemical sector is a vital component of the U.S. economy, and enhancing its position in the global market is a key objective of these negotiations. This paper will outline the economic importance of the sector, the stakeholders involved, potential negotiation goals, and the broader implications of trade liberalization. Additionally, I will try to propose a negotiation strategy to achieve a “win-win” outcome for all parties involved.

Sector Overview: U.S. Chemical Industry

We will start by taking a closer look at the U.S. chemical industry, excluding the pharmaceutical domain for this discussion. The sector plays a critical role in both the domestic value chain and global economy. It consists of various sub-sectors, including petrochemicals, specialty chemicals, and agricultural chemicals.

Industry Composition

In 2022, the U.S. chemical industry directly employed over 555,000 people and generated a value-added output of $270 billion (American Chemistry Council, 2023). It plays a key role in sectors such as agriculture, manufacturing, and energy.

The chemical industry in the United States is composed of four key segments: basic chemicals, specialty chemicals, agricultural chemicals, and consumer products. Each segment plays a distinct role in supporting various industries and markets, of course some overlap exists.

1. Basic chemicals

Basic chemicals are the backbone of the U.S. chemical industry, contributing $395 billion in shipments in 2022. This segment includes essential materials like petrochemicals, polymers, and inorganics, which are used as inputs for industries such as plastics, synthetic rubber, and resins. The sector's competitiveness largely depends on access to affordable raw materials, which account for nearly two-thirds of its total costs. The United States holds a competitive advantage due to its low-cost natural gas feedstocks, sourced from domestic shale gas production. This advantage has positioned the U.S. as a global leader in the production of bulk petrochemicals and polymers, exporting significant volumes to markets worldwide (ACC, 2023).

2. Specialty Chemicals

Specialty chemicals, valued at $106 billion in shipments, are designed to perform specific functions, such as enhancing product durability or reducing environmental impact. These include coatings, adhesives, catalysts, and water treatment chemicals. The segment is highly research-intensive, and thus capital intensive, with companies investing heavily in innovation to meet customer needs and regulatory requirements. For example, advancements in specialty chemicals have enabled the development of high-performance materials for the automotive, electronics, and construction industries (ACC, 2023).

3. Agricultural Chemicals

Agricultural chemicals are essential for supporting global food security. With $48 billion in shipments in 2022, this segment includes fertilizers, pesticides, and crop

protection products that enhance agricultural productivity and resilience. U.S. manufacturers in this segment are leaders in developing environmentally sustainable solutions, such as bio-based fertilizers and integrated pest management systems. These innovations are critical for addressing the growing global demand for food while reducing the environmental footprint of agriculture (ACC, 2023).

4. Consumer Products

This segment encompasses a broad scope of household products such as soaps, detergents, and personal care items, totalling $90 billion in shipments in 2022. Consumer product manufacturers in the chemical industry are increasingly focused on sustainability, developing biodegradable formulations and reducing plastic packaging. Regulatory trends and evolving consumer preferences are driving significant innovation in this segment, aligning product development with environmental and societal goals (ACC, 2023).

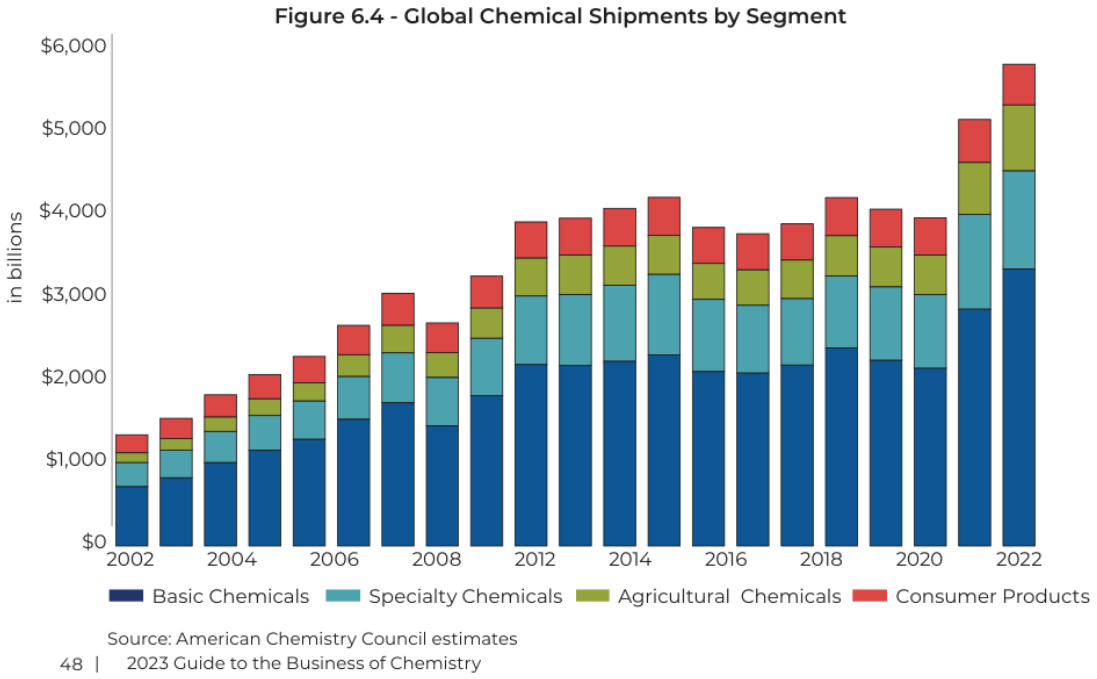


Figure 1 Global chemical shipments by segment (2002–2022).
Source: American Chemistry Council, 2023, p. 48.

Economic Impact and Global Competitiveness

The U.S. chemical industry is the second largest in the world, after China, and makes up about 11% of global chemical production. Its success is based on access to plentiful natural resources, advanced technology, and a strong focus on innovation. In 2022, companies in the industry spent $26 billion on expanding production and improving efficiency. They also invested $13.4 billion in research and development to create new materials, products, and processes that meet changing market needs (ACC, 2023).

However, the U.S. chemical industry faces tough competition from other countries, especially those with fewer rules and lower production costs. China, for example, has grown its chemical production quickly and now produces a large share of the world's chemicals. To stay competitive, U.S. companies are pushing for simpler regulations that lower costs. They are also working on better trade policies and partnerships to ensure fair competition and access to global markets (ACC, 2023).

Identification of stakeholders

1. Business Interests

Dow Inc.

Dow Inc. is the biggest chemical producer in the United States, with $55 billion in sales in 2023 (C&EN, 2024). The company makes chemicals, plastics, and agricultural products, providing materials for industries like packaging, automotive, and construction. It became an independent company after splitting from DowDuPont in 2019. (C&EN, 2024; Wikipedia, n.d.).

ExxonMobil Chemical

ExxonMobil Chemical, part of ExxonMobil, had $29.4 billion in chemical sales in 2023 (C&EN, 2024). The company is a major producer of polyethylene and polypropylene, which are widely used in packaging, cars, and industrial products. Being part of ExxonMobil gives it access to oil and gas resources, ensuring a reliable supply for its operations (C&EN, 2024; Wikipedia, n.d.).

DuPont

DuPont reported $21.5 billion in sales in 2023 and focuses on specialty chemicals and advanced materials. Known for creating products like nylon and Kevlar, DuPont now invests in sustainable materials and biotechnology. It supplies industries like electronics, construction, and automotive. (C&EN, 2024; Wikipedia, n.d.).

LyondellBasell Industries

LyondellBasell Industries earned $39.5 billion in sales in 2023, making it a leader in plastics, chemicals, and refining (C&EN, 2024). The company is one of the world's largest producers of polypropylene and polyethylene. It also works on recycling technologies to support sustainability. LyondellBasell serves industries like packaging, construction, and healthcare (C&EN, 2024; Wikipedia, n.d.).

2. Industry Lobbies

Lobby groups are important stakeholders in the chemical industry. They help shape policies and represent the interests of manufacturers. In the United States, the **American Chemistry Council (ACC)** represents chemical companies. In Europe, the **European Chemical Industry Council (Cefic)** does the same. Both groups work to make the chemical industry more competitive, sustainable, and innovative.

The **Trade and Technology Council (TTC)** is a key platform where the ACC and Cefic work together. This council focuses on solving problems between the U.S. and EU chemical industries. It helps reduce trade barriers, improve cooperation, and make regulations easier to follow for companies on both sides. The TTC also supports fair trade and promotes sustainability and innovation in the chemical sector (ACC, 2023).

According to the ACC and Cefic, one of the biggest goals of the TTC is to make U.S. and EU regulations more similar. Right now, chemical companies face high costs because they have to follow two different sets of rules. For example, U.S. companies must follow TSCA, and EU companies must follow REACH. Aligning these regulations would save money and help businesses grow. The TTC also works to improve supply chains and remove unnecessary trade barriers that slow down business.

Through their work in the TTC, the ACC and Cefic show that cooperation between the U.S. and EU can bring big benefits.

3. Government Agencies

Important U.S. government agencies create rules, enforce laws, and make trade deals that affect many industries, including chemicals. These agencies make sure companies follow U.S. laws and protect the country's interests in global trade.

U.S. Trade Representative (USTR)

The U.S. Trade Representative (USTR) is in charge of trade talks and deals with other countries. It helps open new markets, reduce tariffs, and make trade rules easier to follow. For example, the USTR works with the European Union to solve problems like different rules and customs procedures to make trade smoother. The USTR also checks

that trade partners follow agreements and deals with issues like unfair rules or stolen ideas, helping U.S. businesses compete fairly (USTR, 2024).

Environmental Protection Agency (EPA)

The Environmental Protection Agency (EPA) protects the environment and people's health. It manages laws like the **Toxic Substances Control Act (TSCA)**, which makes sure chemicals are safe to use. The EPA also supports green technologies, such as clean energy and lower carbon emissions, to fight climate change. These rules help protect nature and ensure companies act responsibly (Environmental Protection Agency, n.d.).

4. Civic Groups and Public Interests

Environmental groups and consumer advocates have an important role in creating rules for safety and the environment. They often ask for stricter laws to protect people's health and nature, especially when it comes to chemicals or industry practices. These groups work to make sure governments and companies are more transparent and use sustainable methods. By speaking up for the public, they help keep health and the environment a priority in decision-making.

Economic Position of the U.S. Chemical Industry

The U.S. chemical industry is an important part of the economy, not just for its direct contribution but also for its role in supporting other industries. In 2022, the chemical sector directly added $270 billion in value to the U.S. economy, making up 1.1% of the country's GDP. Additionally, a significant portion of the U.S. economy, valued at $6.53 trillion or 25.7% of total GDP, relies on the chemical industry through its supply chain and downstream impacts. It is also a major employer, with over 555,000 people working directly in the industry (ACC, 2023).

The U.S. chemical industry is mostly concentrated in certain states, with Texas and Louisiana being the most important due to their access to raw materials like oil and natural gas and their strong infrastructure for chemical production.

In 2022, Texas led the industry with chemical shipments worth $142.9 billion. The sector supported 70,314 workers directly and another 345,564 jobs through related industries. The average salary for chemical industry workers in Texas was $131,100, reflecting the skill and expertise needed in the field. Texas is also a top exporter, with $60.6 billion in chemical exports in 2022 (ACC, 2023).

Louisiana also plays a big role in the U.S. chemical industry. In 2022, the state's chemical shipments were valued at $65.2 billion, and 26,504 people worked directly in the sector.

The average salary for workers in Louisiana was $131,500, similar to Texas. While its chemical exports were lower at $13.2 billion, Louisiana remains a key player in the industry (ACC, 2023).

Challlenges

One major challenge for the U.S. chemical industry is the growing number of regulations. Over the last 20 years, the number of restrictions has doubled, with more than one million rules now in place. Following these regulations costs companies a lot of money, an estimated $4 billion every year, with costs expected to rise by 50%. These high costs make it harder for U.S. manufacturers to compete with countries that have fewer regulations (ACC, 2023).

On the positive side, these challenges push companies to innovate. U.S. chemical firms are investing in sustainable and advanced technologies, like bio-based chemicals, recycling innovations, and low-carbon production methods. These efforts help meet global environmental goals and create new business opportunities, especially in growing industries like renewable energy and electric vehicles (ACC, 2023).

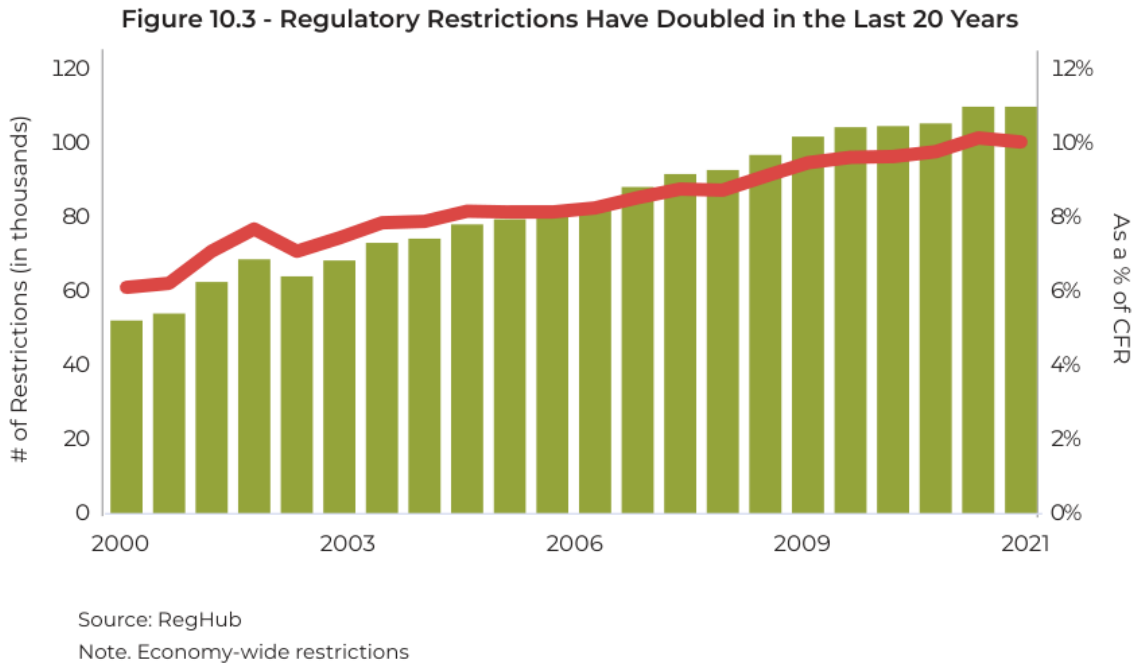


Figure 2 restrictions over the past 20 years.
Source: American Chemistry Council, 2023, p. 69.

International Position of the U.S. Chemical Industry

The United States holds a strong position in the global chemical market. The chemical industry plays a key role in driving U.S. exports and economic development, with significant contributions to technological innovation and trade surplus. In 2022, U.S.

chemical exports totaled $179 billion, while imports amounted to $154.5 billion, creating a trade surplus of $24.5 billion (ACC, 2023). The European Union (EU) remains one of the most important trade partners for the U.S. In 2022, U.S. chemical exports to the EU reached $66.7 billion, while imports from the EU totaled $143.7 billion, resulting in a trade deficit of $77 billion (WITS, 2022).

This trade relationship reflects both the opportunities and challenges facing the U.S. chemical sector. Despite these impressive trade volumes, the industry faces substantial challenges, including regulatory inconsistencies, tariff barriers, and broader pressures in global trade dynamics. These challenges highlight the need for strategic measures to increase competitiveness and strengthen transatlantic ties.

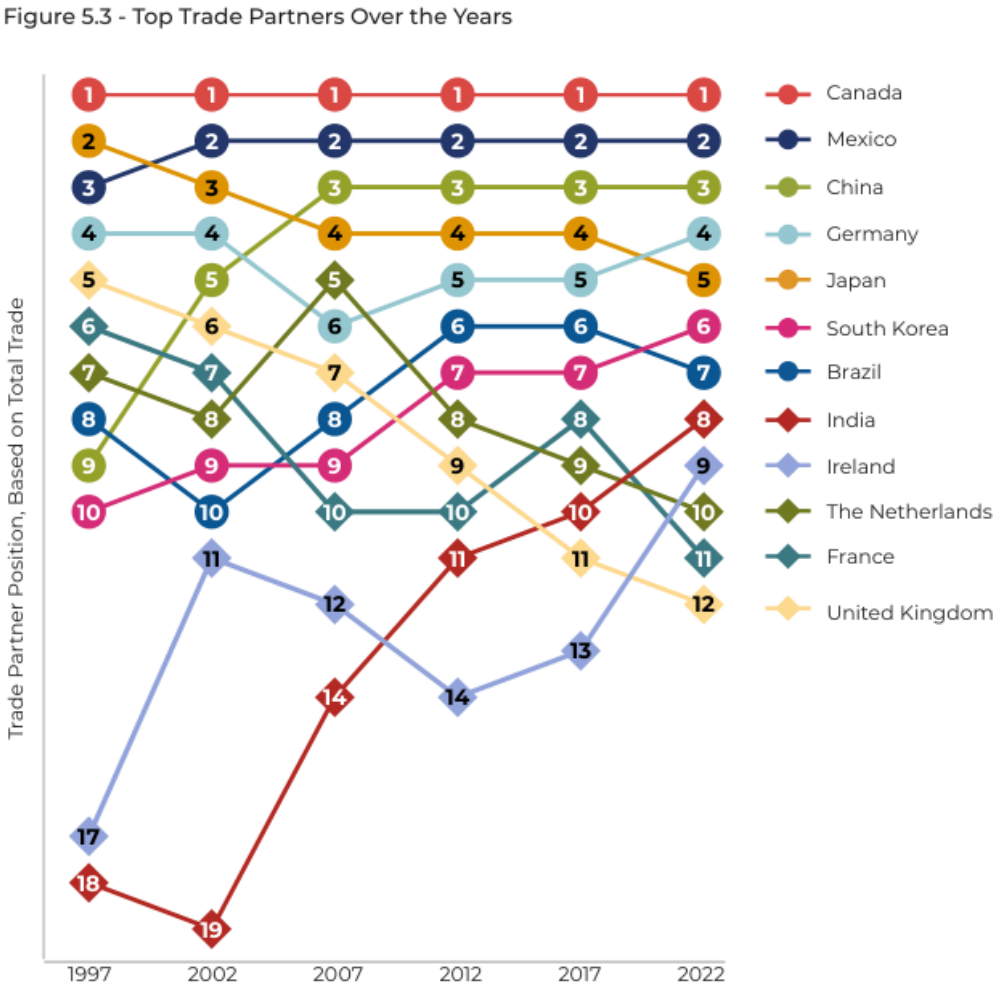
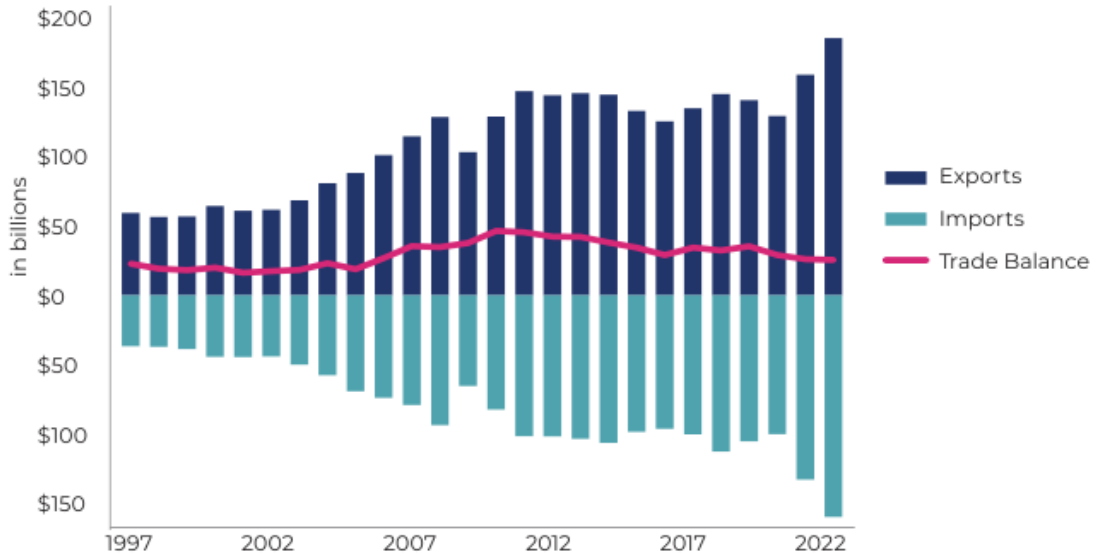


Figure 3 Top U.S. trade partners in chemicals (1997–2022).
Source: American Chemistry Council, 2023, p. 39.

TOTAL TRADE

Figure 5.1 - U.S. Trade in the Business of Chemistry



Source: U.S. Department of Commerce, American Chemistry Council analysis.

Figure 5.2 - Chemicals Trade Balance by Segment

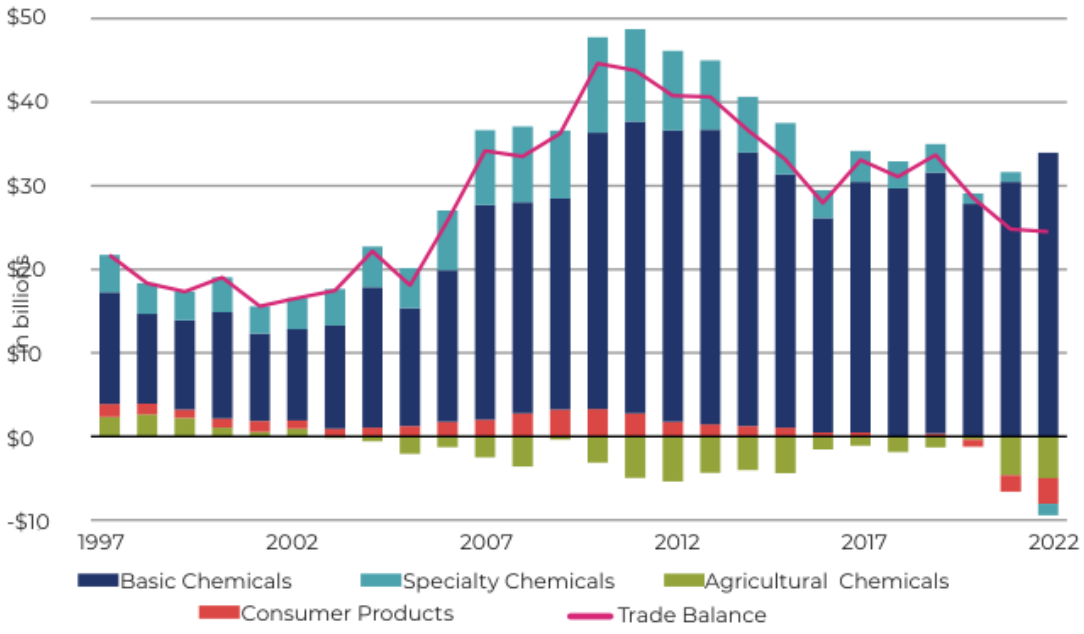


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Figure 4 & 5 Figure 5 U.S. chemical trade balance and trends (1997–2022). Source: American Chemistry Council, 2023, p. 38.

Trade & Tariff Agreements

The Chemical Tariff Harmonization Agreement (CTHA), established during the Uruguay Round, was a significant step in reducing trade barriers for the chemical industry. It harmonized tariffs for products under HS Chapters 28–39, setting rates at 0%, 5.5%, or 6.5% (World Trade Organization, 2005). This agreement streamlined trade processes and improved market access for many chemical products, making it a key milestone in trade policy for the sector. Basic organic and inorganic chemicals were set at a 5.5 percent tariff rate, while more processed goods, such as cosmetics and plastics, were harmonized at 6.5 percent. Furthermore, tariffs on pharmaceutical products in Chapter 30 and certain primary petrochemicals in Chapter 29 were fully eliminated, providing a boost to high-value segments of the industry.

The original participants in the Chemical Tariff Harmonization Agreement (CTHA) include major economies such as the EU, U.S., Japan, Canada, and Korea. Since the Uruguay Round, key countries like China, Saudi Arabia, Ukraine, and Vietnam have adopted most or all of the CTHA as part of their WTO entry. (USTR)

Tariffs on Chemical Products in the EU and U.S. (2019)

Tariffs Comparison for Chemical Industry	EU: Final Bound	EU: MFN Applied	US: Final Bound	US: MFN Applied
Average Tariff (%)	4.5	4.6	2.8	2.8
Duty-Free Share (%)	21.9	22.3	40.7	40.7
Maximum Tariff (%)	7.0	7.0	7.0	7.0

Imports Comparison for Chemical industry	Share of Total Imports (%)	Duty-Free Imports (%)
EU	**11.3**	**49.9**
US	**10.7**	**67.4**

(Source: the World Tariff Profiles 2019, WTO)

Key Observations and Analysis

The EU and the U.S. both fully commit to binding their chemical tariffs, providing stability and predictability for trade partners. However, there are clear differences in how each region handles its tariffs. The EU has slightly higher average tariffs, with bound and applied rates at 4.5% and 4.6%, compared to 2.8% for both rates in the U.S.

The U.S. allows a much larger share of duty-free chemical products, with 40.7% of tariff lines duty-free for both bound and applied rates, compared to the EU's 21.9% and 22.3%. The U.S. also imports more chemicals without tariffs, 67.4% of chemical imports enter duty-free in the U.S., compared to 49.9% in the EU. Both regions have the same maximum tariff rate of 7.0%, but the U.S.'s higher duty-free access makes it more favorable for chemical trade. When looking at chemical imports as a percentage of total imports, the EU imports slightly more chemicals (11.3%) compared to the U.S. (10.7%).

In summary, while both regions follow the rules of the Chemical Tariff Harmonization Agreement, the U.S. has a more liberal approach with lower tariffs and more duty-free imports, while the EU takes a more protective stance with higher average tariffs. These differences reflect each region's trade strategies and priorities to the rest of the world.

Regulatory Divergence Between the U.S. and EU

The U.S. and EU have different rules for regulating chemicals, which makes trading between them significantly more difficult. In the U.S., the focus is on the actual risks a chemical might cause, while the EU often restricts chemicals based on potential hazards, even if the risks are not fully studied. This difference creates confusion and adds extra steps for companies trying to trade chemicals between the two regions (USTR, 2024).

The EU's new Chemicals Strategy for Sustainability (CSS) has updated older regulations like REACH and CLP. These updates aim to improve safety, but they create challenges for U.S. exporters. Some EU countries apply the rules differently, and the EU's approach sometimes does not match international standards like the Globally Harmonized System (GHS) (USTR, 2024).

Additionally, the European Union (EU) is planning strict limits on chemicals like per- and polyfluoroalkyl substances (PFAS) as part of its Chemicals Strategy for Sustainability (CSS). These chemicals are crucial for industries such as renewable energy, where they are used in important technologies like hydrogen fuel cells and solar panels. However, these restrictions could harm production in both the U.S. and EU if suitable alternatives for PFAS are not developed soon (USTR, 2024).

Intellectual Property Protection

Intellectual property (IP) protection is very important for the chemical industry because it depends on patents, trade secrets, and trademarks to keep its innovations safe and stay competitive. Weak IP enforcement in countries like Bulgaria, Poland, and Romania (USTR, 2024) can make it harder for U.S. chemical companies to protect their important formulas and technologies in the EU. In Austria, problems with criminal penalties and procedures

for trade secret theft (USTR, 2024, p. 148) also create risks for sensitive chemical information.

The EU's strong rules on geographical indications (GIs) could cause problems for U.S. chemical products that use common names. Additionally, the Data Act's rules requiring companies to share data, even if it is protected by trade secrets or copyrights (USTR, 2024), could hurt innovation and make it harder for U.S. chemical companies to enter the EU market. Clear and fair IP rules are needed to build trust and protect chemical trade between the EU and the U.S.

Environmental Regulations and Emerging Challenges

Environmental rules are becoming more important for the chemical industry. Both the U.S. and EU want to promote sustainability, but they approach it differently. The EU's CSS focuses on recycling, reducing waste, and cutting greenhouse gas emissions. While these changes help the environment, they also make it more expensive and harder for U.S. companies to sell chemicals in the EU (ACC & cefic, 2024).

In the U.S., environmental regulations aim to protect nature while supporting business growth. However, slow approval processes and different rules across states can delay new chemicals from entering the market (ACC, 2023)

Opportunities for Innovation and Collaboration

Despite these challenges, there are great opportunities for the U.S. and EU to work together. Through the U.S.-EU Trade and Technology Council (TTC), both regions are working to align their rules, share data, and improve supply chains. By working together on safety standards and sustainability efforts, they can reduce trade barriers and boost innovation (ACC & cefic , 2024).

Investing in green technologies, like chemical recycling and low-carbon manufacturing, could help both industries. Partnerships between American and European companies could make it easier to adopt environmentally friendly methods and stay competitive in the global market (ACC, 2023)

Conclusion

The U.S. chemical industry is a key player in the global market, but differences in regulations with the EU create major trade challenges. Solving these issues with coordinated policies, innovation, and teamwork can strengthen U.S.-EU relations and create new opportunities for growth. Aligning environmental and chemical safety standards will be essential for supporting sustainable development and keeping both industries competitive.

Possible goals in the negotiations

The TTIP negotiations are of critical importance for deeper U.S.-EU trade relations in the chemical sector. Both parties aim to ease trade barriers, harmonize regulatory frameworks, and promote economic benefits while addressing regulatory and environmental challenges.

Offensive Goals

Expand U.S. Chemical Exports

A primary U.S. objective is to increase chemical exports to the EU by lowering tariffs and eliminating non-tariff barriers. Achieving this would help counterbalance the current trade deficit in the sector and boost U.S. market share in Europe (ACC, 2023).

Enhanced Market Access

The U.S. seeks to address restrictive EU regulations that hinder the entry of U.S. chemical products. Streamlined trade policies and aligned standards are pivotal to achieving smoother trade operations and reducing compliance costs (USTR 2024).

Defensive Goals

Protect Intellectual Property (IP)

Safeguarding technological and product innovations remains a priority. Robust IP protections will enable U.S. chemical companies to retain their competitive edge and operate confidently in the EU market (USTR, 2024).

Countering Hazard-Based Regulatory Frameworks

The U.S. opposes the EU's hazard-based regulatory approach under REACH, which imposes additional compliance challenges. Instead, the U.S. advocates for risk-based assessments to balance safety and market accessibility (ACC, 2023).

General Goals

- Economic Development Expanding trade in the chemical industry aligns with broader economic objectives, fostering innovation, enhancing investments, and driving growth

- Environmental Sustainability While both regions are committed to sustainable production practices, they must ensure trade policies align with international environmental goals without compromising economic efficiency (American Chemistry Council & cefic, 2024).

- Labor Standards and Political Stability The U.S. recognizes the significance of fair labor practices and stable political conditions, ensuring that the TTIP negotiations uphold these values while fostering industry growth.

The TTIP negotiations for the chemical sector offer a valuable opportunity to address shared goals while managing conflicting priorities. For the U.S., the key objectives include expanding exports, protecting intellectual property, and fostering practical regulatory cooperation. Aligning these efforts with the EU's emphasis on precautionary measures and environmental sustainability will require strategic communication & collaboration. Successfully bridging these differences can increase trade relations, promote innovation, and ensure economic and environmental benefits for both regions.

Estimated Effects of Reducing Tariffs

Research by Felbermayr et al. (2013) found that the average tariff on imports between the EU and the U.S. in 2007 was just 2.8%. Removing these tariffs could increase trade by an average of 5.8%.

Erixon and Bauer (2010) explored this further in their analysis of a transatlantic zero-tariff agreement, highlighting major benefits for the chemical sector. In the EU, the chemical industry's output could grow by up to $7.4 billion (0.48%), while in the U.S., it might increase by $4.5 billion (0.52%). The chemical sector is a key driver of trade expansion, contributing significantly to a $69 billion rise in EU exports to the U.S. and a $53 billion increase in U.S. exports to the EU. This would mean that a very successful TTIP agreement could lead to significant economic benefits. Estimates suggest that full liberalization of the chemical sector could boost U.S. exports to the EU by up to 25.29% (Erixon & Bauer, 2010).

Although the study of Erixon and Bauer (2010) does not evaluate the effects of reducing non-tariff measures (NTMs) or aligning regulations, but removing tariffs typically lowers trade facilitation costs. This allows exporters and importers to save on customs administration, further increasing trade efficiency. Overall, the chemical sector could benefit significantly from the agreement.

Estimated Effects of reducing non-tariff measures (NTMs)

Reducing non-tariff measures (NTMs) can have an enormous impact on trade and economic growth, especially in the chemical industry. The study *Non-Tariff Measures in EU-US Trade and Investment: An Economic Analysis* (Berden et al., 2009) looked at how reducing NTMs affects trade.

The report considers two scenarios: one where 50% of NTMs are aligned (the ambitious scenario) and another with 25% alignment (the limited scenario). The study examines the effects across the whole economy and in specific sectors, including GDP, trade, income, and productivity.

In the chemical sector, NTMs significantly increase the cost of trade. For exports from the EU to the U.S., these barriers add an extra 21% to trade costs compared to a situation without such measures. Similarly, U.S. exports to the EU face a cost increase of 23.9%. These costs arise from differences in regulations, such as chemical classification, labeling, and testing requirements. With alignment, these costs could drop to 9.1% for EU-to-U.S. trade and 8.9% for U.S.-to-EU trade, bringing significant savings.

Reducing these barriers would bring notable economic benefits. The EU's GDP could increase by €7.1 billion annually, or 0.04%, while the U.S. could see a yearly gain of €1.6 billion, or 0.01%. The EU's output in the sector is expected to grow by 0.4% per year, though the U.S. might see a small decline of 0.6%.

Trade would also improve. EU exports in chemicals could grow by 1.1% annually, and U.S. exports by 1.5%. This would make both regions more competitive globally and better connected to international markets.

However, some challenges remain. Differences in how chemicals are regulated, classified, and labeled, along with laws on hazardous substances, create barriers. For example, the EU's REACH regulation and the U.S.'s TSCA rules require companies to follow different procedures. To overcome these issues, better cooperation is needed, such as harmonizing tests, simplifying requirements, and recognizing each other's standards.

In short, reducing NTMs in the chemical sector could lower trade costs, boost economic growth, and strengthen trade for both the EU and U.S. However, achieving these benefits will require close collaboration and efforts to align regulations.

Minimum Targets and Non-Acceptable Solutions

Minimum Targets

- **Better Rules Between the U.S. and EU**: Work on making the chemical safety rules in the U.S. and EU more similar. If 50% of these rules are aligned, trade costs could drop from 23.9% to 8.9% for U.S. exports to the EU, and from 21% to 9.1% for EU exports to the U.S. (Berden et al., 2009).

- **Easier Market Access**: Lower tariffs (taxes on imports/exports). Currently, the average tariff between the U.S. and EU is 2.8%. Removing them could increase U.S. chemical exports to the EU by up to 25.29% (Erixon & Bauer, 2010).
  Reduce non-tariff barriers, like different safety and labeling requirements, which now add big costs for businesses (Berden et al., 2009).

- **Focus on Sustainability**: work together on projects to develop greener, eco-friendly technologies (ACC & Cefic, 2024). Fund research into alternatives for harmful chemicals like PFAS, helping meet EU environmental goals (USTR, 2024).

- **Protect Innovation**: Make sure U.S. companies' ideas and technologies (intellectual property) are safe when trading with the EU. Weak protections in some EU countries, like Bulgaria, are a concern (USTR, 2024).

Non-Acceptable Solutions

- **Changing to Hazard-Only Rules**:
  Avoid adopting the EU's approach that bans chemicals based on potential hazards, even if risks are small. This could block U.S. products (USTR, 2024).

- **One-Sided Tariff Cuts**: Don't agree to lower tariffs if the EU doesn't do the same. Studies show mutual reductions bring the most benefit (Erixon & Bauer, 2010).

- **Strict Environmental Standards Without Help**: Don't agree to tougher green policies unless businesses are given support to adjust (ACC & Cefic, 2024).

- **No Rules for Disputes**: Avoid deals that don't include clear ways to resolve disagreements (USTR, 2024).

Best Tactics for a "Win-Win" Negotiation in the U.S.-EU Chemical Sector

Negotiating a trade agreement that benefits both the U.S. and EU in the chemical sector requires a smart and balanced approach.

Focus on Shared Goals

- **Boosting the Economy**: Highlight how the agreement can create jobs, increase trade, and grow both economies using data. For example, removing tariffs could boost U.S. chemical exports to the EU by 25.29% (Erixon & Bauer, 2010) and increase trade overall by 5.8% (Felbermayr et al., 2013).
- **Encouraging Innovation**: Propose joint U.S.-EU funding for sustainable technologies, such as alternatives to PFAS and bio-based chemicals (ACC, 2023; USTR, 2024).
- **Protecting the Environment**: Emphasize shared goals to reduce pollution and support green technologies, creating a framework for long-term collaboration (ACC & Cefic, 2024).

Regulatory Cooperation

- **Recognize Each Other's Standards**: Propose agreements where both sides accept each other's safety testing and certification systems to avoid duplicating efforts (Berden et al., 2009).
- **Further Global Standards**: Suggest working together to create international rules for emerging technologies like green chemicals or safer alternatives to PFAS (ACC, 2023).

Use Flexibility and Gradual Changes

- **Step-by-Step Alignment & Phased Implementation**: Begin by harmonizing regulations in specific sub-sectors to reduce costs and give businesses time to adapt. Set clear stages for aligning regulations, involving businesses and experts to ensure feasibility and trust.

Offer Trade-Offs

- **Lower Tariffs Gradually**: Gradual removal of tariffs could lead to a significant increase in exports and trade efficiency (Erixon & Bauer, 2010; Felbermayr et al., 2013).
- **Flexibility on Labeling**: Allow adjustments to labeling rules if the EU offers simpler import procedures (ACC & Cefic, 2024).

- **Joint Investments**: Propose shared funding for green projects to achieve sustainability goals while supporting industry growth (ACC & Cefic, 2024).

How to Proceed

- **Identify areas for compromise**: offering flexibility on smaller regulatory issues, to secure EU cooperation on bigger goals such as broader market access.
- Using reliable studies and data to demonstrate how these trade-offs will lead to mutual benefits.

Get Stakeholders Involved

- **Involve key industry groups** like the ACC and Cefic. These organizations already collaborate through platforms like the Trade and Technology Council (TTC), which has shown progress in reducing trade barriers and aligning regulations.

Expected Results

1. **Reduce Trade Barriers**: Lower tariffs and harmonized rules will make trade simpler and cheaper for companies in both regions.
2. **Increase Competitiveness**: Enable U.S. businesses to succeed in the EU market while maintaining high safety and environmental standards (.
3. **Support Sustainability**: Accelerate the adoption of green technologies, reducing the chemical sector's environmental footprint.
4. **Simplify Rules**: Easier regulatory systems will reduce compliance costs and create opportunities for innovation.
5. **Strengthen Partnerships**: Build long-term trust and cooperation between the U.S. and EU chemical industries.

Summary of your negotiation position & possible trade offs

The U.S. position in the TTIP negotiations for the chemical sector aims to strengthen trade ties with the EU by reducing barriers and promoting collaboration. The main goals are to expand U.S. exports, simplify market access by addressing complex EU regulations, protect intellectual property, and ensure fair and risk-based regulatory practices. These priorities align with broader objectives like fostering economic growth, supporting sustainability, and maintaining fair labor standards.

To achieve these goals, the U.S. could propose several trade-offs:

1. **Regulatory Cooperation**: Gradually align regulations and allow mutual recognition of safety standards to reduce costs and simplify processes.

2. **Phased Tariff Reductions**: Slowly lower tariffs to boost exports while balancing benefits for both sides.
3. **Funding for Innovation**: Work together with the EU to invest in green technologies and alternatives for harmful chemicals like PFAS.
4. **Flexibility in Labeling Rules**: Be open to changes in labeling requirements if the EU simplifies its import procedures.
5. **Structured Dispute Resolution**: Establish clear processes for resolving disagreements to ensure trust and compliance.

Conclusion

This negotiation strategy for the Chemical Industry in the TTIP Negotiations balances the needs of both the U.S. and the EU by promoting shared goals like economic growth, innovation, and sustainability while respecting each region's priorities. By focusing on collaboration and gradual improvements, this approach aims to create a fair, sustainable, and long-term partnership that benefits both industries and economies.

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