



January 15, 2019

Mr. Edward Gresser
Chair of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Filed via www.regulations.gov

RE: SOCMA Comments on Negotiating Objectives for a U.S.–UK Trade Agreement (Docket USTR-2018-0036)

Dear Mr. Gresser:

The Society of Chemical Manufacturers & Affiliates (SOCMA) appreciates the opportunity to comment on a proposed U.S.-UK Trade Agreement in order to develop U.S. negotiating positions.

SOCMA is the only U.S.-based trade association solely dedicated to the specialty and fine chemical industry – a \$300 billion industry that is fueling the U.S. economy. Our members play an indispensable role in the global chemical supply chain, providing specialty chemicals to companies in markets ranging from aerospace and electronics to pharmaceuticals and agriculture.

If the United Kingdom successfully leaves the European Union and is able to negotiate a trade agreement with the U.S. during the transition period, SOCMA strongly supports a comprehensive free trade agreement that,

- (1) Eliminates tariffs on specialty chemical products (HTS chapters 28-39);
- (2) Incorporates USMCA-style chemical rules of origin (with exceptions);
- (3) Eliminates technical barriers to trade;
- (4) Protects intellectual property rights; and
- (5) Promotes customs and regulatory cooperation.

(1) Eliminates tariffs on specialty chemical products (HTS chapters 28-39)

Specialty chemical manufacturers by necessity must import chemicals as inputs to support their production processes. Elimination of tariffs in our members' sectors (performance, agricultural, and

pharmaceutical) would greatly increase the chemicals trade between the U.S. and U.K. A significant amount of specialty chemicals trade is intra-company and benefits of tariff elimination would be felt soon after the agreement's entry into force.

(2) Incorporates USMCA-style chemical rules of origin (with exceptions)

Chemical rules of origin were recently modernized in the United States-Mexico-Canada Agreement. The updates drastically improve conditions for the vast majority of specialty chemical sectors and should be utilized in the U.S.-UK trade agreement but with two exceptions. Please delete reference to the value content test for the specialty chemical sector and also the exceptions language for 32.06 and 32.12.

(3) Eliminates technical barriers to trade

Technical barriers to trade with the EU (and potentially UK) pose significant challenges to the specialty chemical industry. In short, the U.S. regulatory system utilizes a risk-based analysis while the EU system incorporates a precautionary hazard classification system. An integrated, risk-based approach would greatly reduce regulatory burdens on specialty chemical manufacturers, many of whom are small- and medium-sized enterprises. For example, the agreement should promote alignment and efficiencies in the areas of information sharing (while protecting CBI), hazard classification, risk assessment, and the mutual recognition of good manufacturing practices.

(4) Protects intellectual property rights

It is critical that the agreement effectively protects CBI (including trade secrets). REACH mandates that certain test data be shared and consequently, the agreement should promote transparency and safeguard data in a manner that allows specialty chemical manufacturers to innovate knowing their investments are protected.

(5) Promotes customs and regulatory cooperation

It behooves the U.S. and UK to establish sector-specific points of contact for industry at customs and regulatory agencies. Thus, the agreement should promote dialogue between interested parties and the respective agencies. In the case of specialty chemical stakeholders, direct dialogue with ECHA in order to ensure compliance with REACH would be of tremendous benefit to the industry.

In conclusion, regionally speaking, Western Europe is the U.S. chemical industry's largest source of chemical imports. U.S.-UK negotiations present tremendous opportunities to create efficiencies and build upon that essential regional trading relationship. Specialty chemical manufacturers play an indispensable role in numerous sectors' supply chains and the elimination of tariffs when coupled with the other above-mentioned objectives, will greatly enhance the competitiveness of domestic specialty chemical manufacturers.

Thank you sincerely for the opportunity to comment on a proposed U.S.-UK Trade Agreement. Your consideration in this matter is most appreciated.

Please do not hesitate to reach out with questions.

Respectfully submitted,

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