

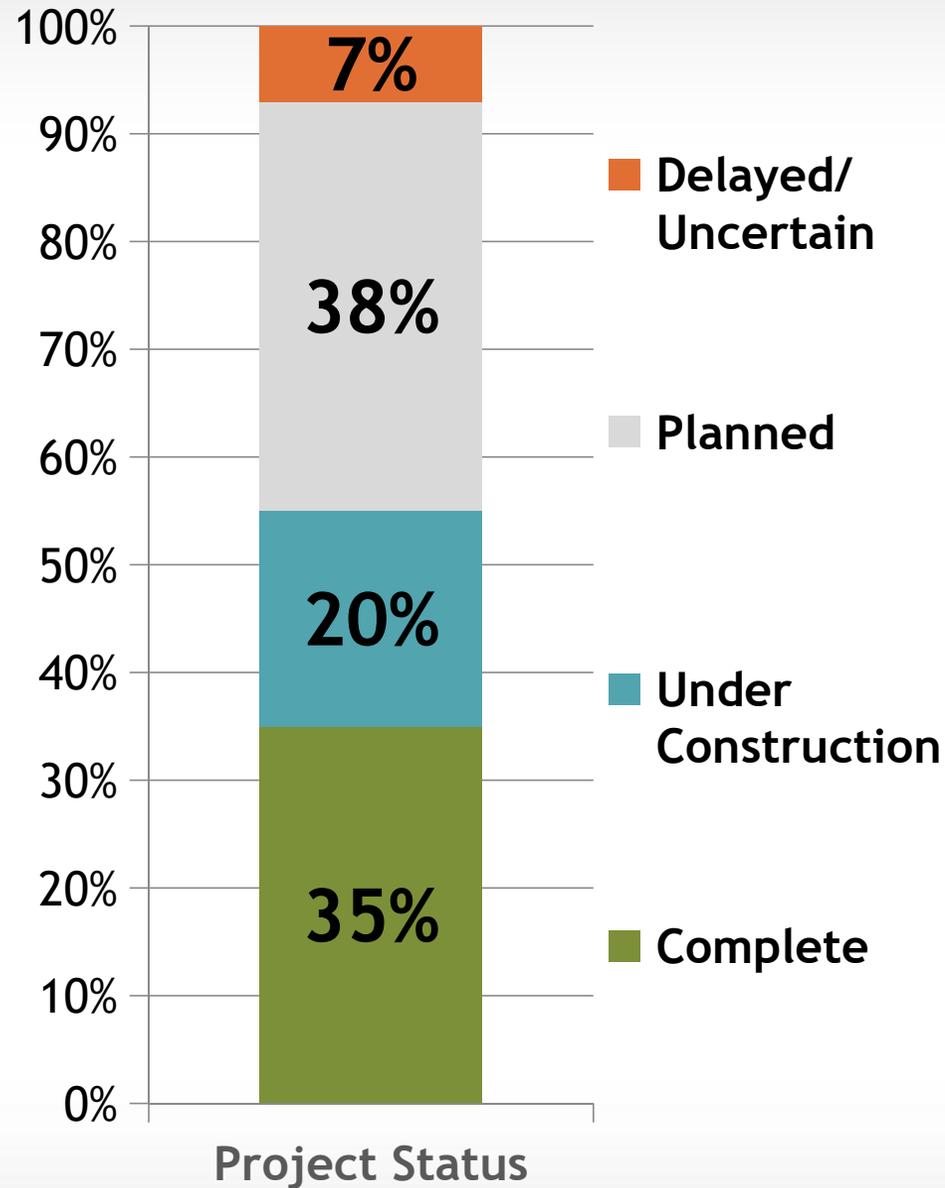
# U.S.-CHINA TRADE:

## ACC'S RESPONSE TO RESOLVING ESCALATING TRADE TENSIONS

*September 2019*



# U.S. CHEMICAL INDUSTRY INVESTMENTS DUE TO SHALE GAS



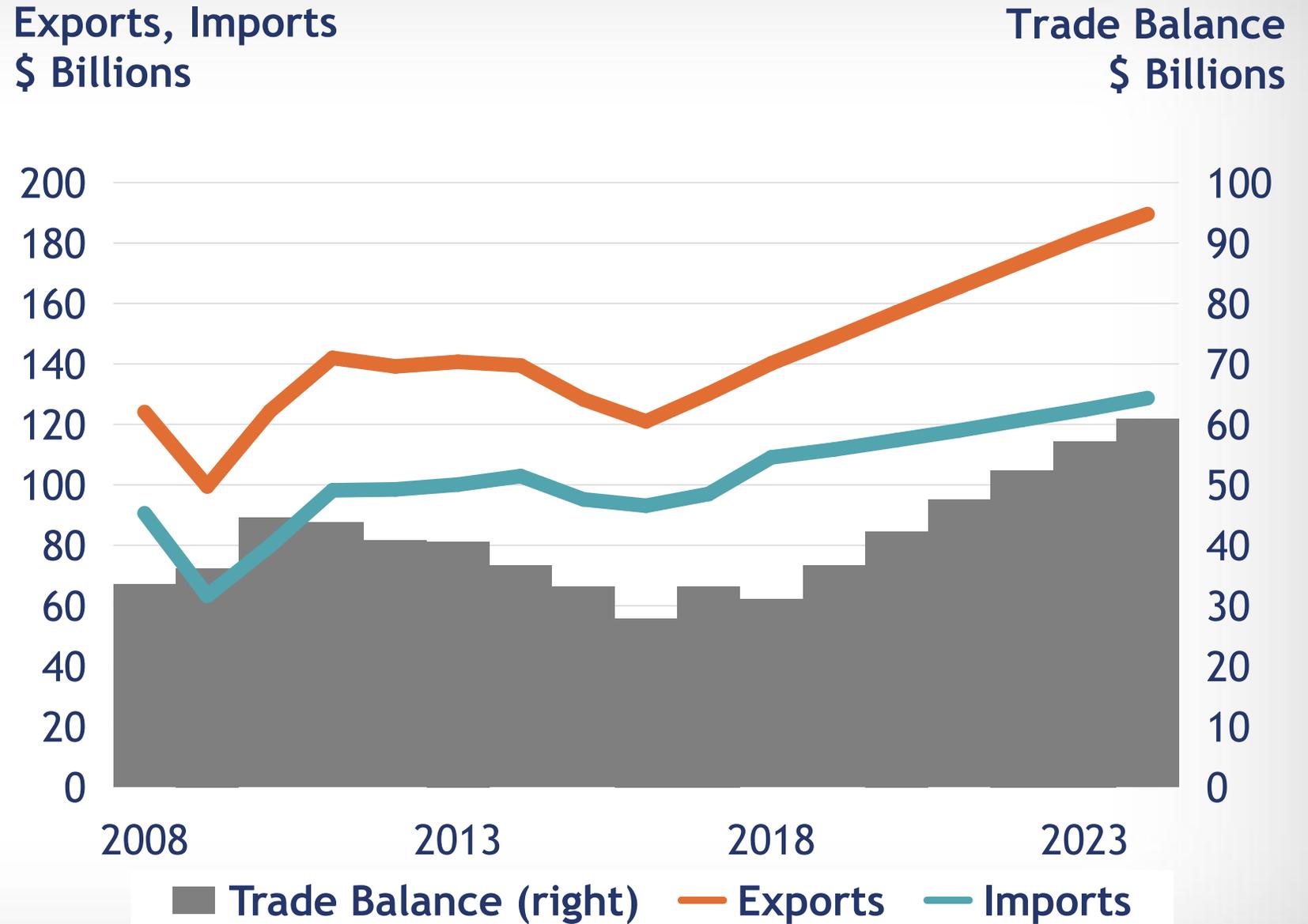
**\$204  
BILLION**  
in new capital  
investment

**POSITIVE  
U.S. CHEMICALS  
OUTLOOK  
DEPENDS ON...**

- Access to abundant and affordable energy
- Strong U.S. manufacturing base
- Regulatory environment
- U.S. and global economic growth
- Access to global supply chains
- Access to export markets

# US CHEMICALS TRADE

Trade surplus  
driven by net  
exports of basic  
chemicals



# China: A Valuable U.S. Trading Partner



- ✓ U.S. chemical industry's 3<sup>rd</sup> largest export market
- ✓ Supplies U.S. with critical inputs to manufacturing
- ✓ Significant volume of trade is between related parties
  - 28% of U.S. imports*
  - 37% of exports*

# Industry Views of U.S. Administration Trade Policy

- ✓ U.S. focus on trade deficits is not an appropriate basis for concern
- ✓ U.S. trade agreements have benefited industry but can be improved
- ✓ Manufacturing sector is negatively impacted by tariff policy
- ✓ Using tariffs for leverage causes unintended consequences
- ✓ The short term pain from tariffs may impact long-term economic growth
- ✓ Multilateral solutions are preferred



**ACC SUPPORTS  
FREE TRADE**

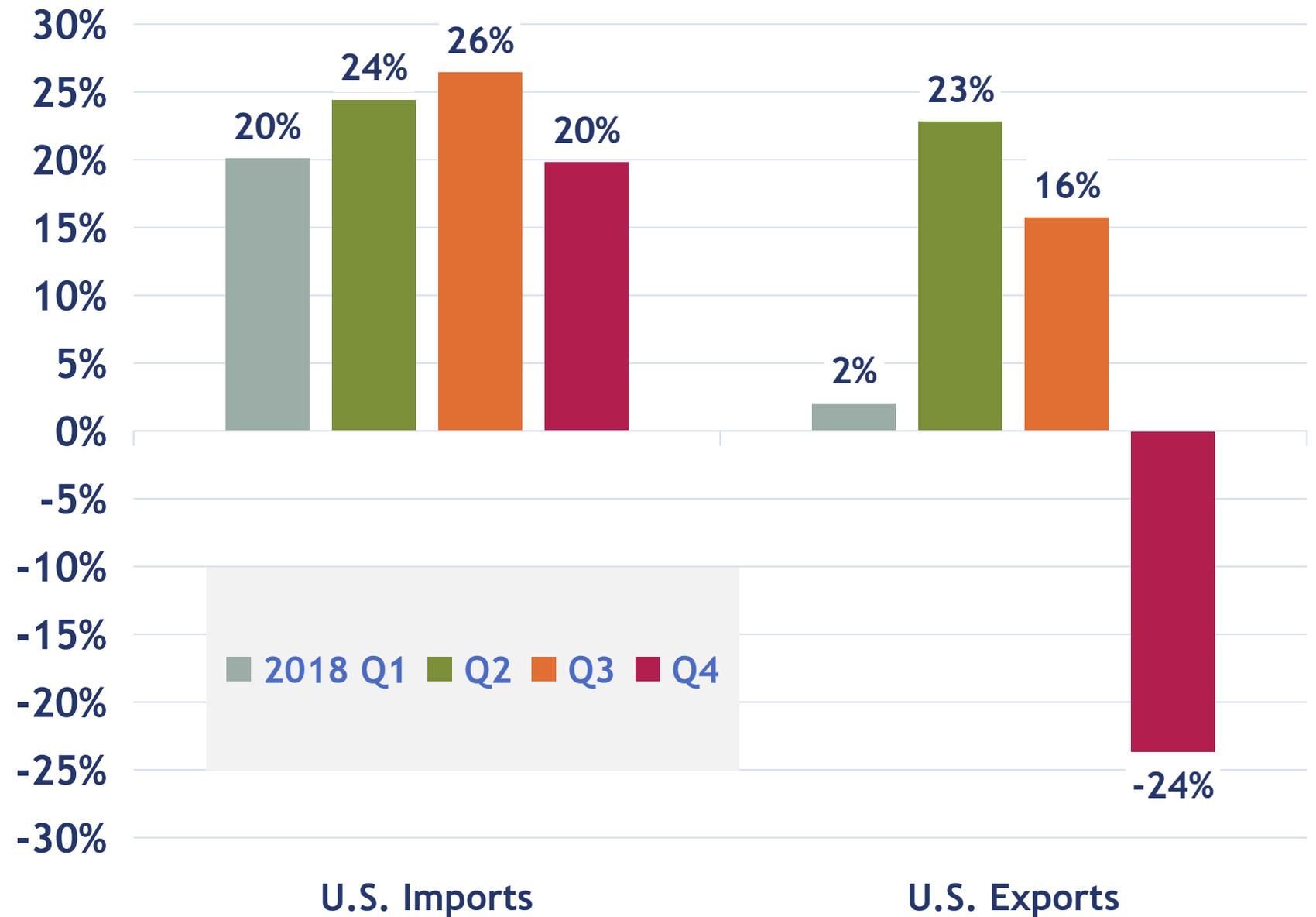
## Tariffs Hurt U.S. and Global Manufacturers By:

- ✓ Cutting off access to critical materials and manufacturing inputs
- ✓ Increasing cost of trade for chemicals globally
- ✓ Increasing costs for critical customer industries like agriculture, automotive, building & construction
- ✓ Disrupting global supply chains and discouraging investment

# US-CHINA

## CHEMICALS TRADE

Year-over-  
Year  
Growth  
Comparisons



# What the Data Say

- ↑ Tariffs cost American business and consumers \$6.8 billion in July, the highest monthly total in U.S. history
- ↑ China tariffs estimated to cost average family \$2,300/year
- ↑ Trade uncertainty to trim \$850 billion global output

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NEWS**

**Business Groups Press Trump to  
Postpone New China Tariffs**

# ACC's Engagement



Supporting Administration's goal to address legitimate concerns but object to unilateral strategy and reliance on tariffs



Joining large coalitions of trade associations and business partners to voice collective concerns about approach



Industry and vast majority of business interests in the U.S. are committed to rules-based multilateral trade

# Working Toward A Resolution

- ACC supports negotiation rather than tariffs; bringing talks to productive conclusion quickly
- Trade frictions do arise, but are better to resolve through WTO processes
- Multilateral approaches are essential for chemical manufacturers in U.S. and China
- Important for the U.S. and China chemical industries to work together to resolve trade conflicts

