



All-Party Parliamentary Group on **EU-US Trade & Investment**

Note on the Chemical Sector and TTIP – June 2014

TTIP: the potential gains and concerns for UK chemicals – consumers, workers and companies

The All-Party Parliamentary Group on EU-US Trade & Investment hosted a *meeting on the Chemical Sector and potential benefits and challenges from a Transatlantic Trade and Investment Partnership (TTIP) on June 24th in Westminster Palace with the following panelists:*

The Chemical Industries Association Chief Executive Steve Elliott

GMB Union National Officer Allan Black

Dow Chemical Company Europe Director of Government Affairs Howard Chase

The meeting was attended by Parliamentarians from opposition and government Parties in both Houses and stakeholder and business representatives.

The chemical sector is the largest manufacturing exporter in the UK and sustains more than 500,000 jobs throughout the country. Annually the sector contributes to an export surplus of £5 billion. The sector is doing well and expects growth rates of around 5%. The continued growth of the sector depends on securing competitive energy supplies, innovation and strengthening UK supply chains in the sector. Small and medium sized businesses play a vital role in the chemical sector accounting for 95.6% of companies and employing 42% of the chemicals work force. Jobs in the sector were termed high quality and well-rewarded. The sector supports the transatlantic trade and investment negotiations and sees potential benefits accruing from tariff liberalization, regulatory convergence and energy supply improvements. Existing tariffs on transatlantic trade are estimated to cost the industry £1.7 million annually.

The Chemicals sector supports the EU approach to the TTIP negotiations as outlined in the position paper published on the 14th of May 2014.¹ The EU is neither seeking harmonization nor mutual recognition in the sector. The EU's REACH and the US TSCA are deemed too different to allow for any change in the regulatory systems of each side. The aim within the regulatory negotiations is to establish co-operation on assessment and labeling and to

¹ http://trade.ec.europa.eu/doclib/docs/2014/may/tradoc_152468.pdf

promote the sharing of data. Elliott underlined the CIA is seeking a 5 year transitional period to allow the UK and EU to catch up with respect to shale gas production.

Allan Black of GMB agreed with Elliott's assessment of the state of health of the UK chemical industry, and also supported the EU approach on chemicals in the negotiation and welcomed the priority on preservation of REACH. He said the agreement on both sides to not pursue any changes to existing regulatory approaches could contribute to increasing legitimacy for TTIP. Black, however, highlighted huge Union reservations on a general level pointing to a perceived lack of transparency and democratic oversight of the negotiations and the long-standing failure of the US to ratify key ILO labour conventions. He said that for the GMB, job creation and successful industry in the UK are most important and that the Union would like to see the working behind some of what seemed questionable general job gain estimates from a transatlantic trade and investment agreement.

Howard Chase of Dow, one of the world's largest chemical companies, and the 2nd or 3rd largest in Europe, underlined the company's strong support for a comprehensive and ambitious Transatlantic Trade and Investment Partnership agreement. He too pointed to the significant benefits of an agreement for small and medium sized enterprises and stressed that the chemical sector was a building block for other businesses.

Chase focused on the importance of energy policies, better regulations and trade for sustaining a strong chemical sector in Europe. While European energy markets have become more integrated in recent years through EU energy policies, the build up of renewable energy has broken up markets and threatens to reduce market connectedness in Europe. US gas prices are currently around 1/3 of EU gas prices, which is a considerable competitive disadvantage to the chemical industry. A TTIP could potentially lead to gas exports to the EU from the US. Chase also pointed to the importance of tariff elimination. Even with relatively low rates tariffs costs companies unnecessarily particularly as charged on trade within a company several times. On regulation Chase underlined the need for efficiency gains and greater transparency in the regulations.

In the discussion all panelists agreed that a trade deal could potentially raise standards for chemicals globally. Chase and Elliott termed the negotiations as very transparent. Stakeholder representatives pointed to the need for trade associations and employers to provide information on the negotiations and engage with employees on the issues being discussed.

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