

Cooperation on eye-level, not fragmentation – Cefic calls on the EU and US governments to try everything to avoid a destructive trade conflict

In line with its mission of promoting a thriving European chemical industry, Cefic supports the EU in its efforts to uphold mutually agreed rules and champion European interests. All efforts should be made to diplomatically prevent escalation and find a fair and balanced solution. This is in the interest of both EU and US industries.

For the chemical sector, the transatlantic relationship is the backbone of global trade and key for both the EU and the USA. Policy-makers on both sides of the Atlantic should therefore do everything to protect and foster this special relationship that is a motor for growth, prosperity, and security. The transatlantic chemical industry is a perfect example of this longstanding collaborative spirit. European and American companies are deeply invested on both sides of the Atlantic resulting in deeply specialised development, production and trade networks. As a result, there is a significant amount of intra-industry and intra-company trade between the EU and the USA. Raw and input materials are regularly being shipped back and forth across the Atlantic, adding value at each stage of production. In 2024, the EU27-US total trade in chemical products as defined by NACE code 20 amounted to approximately €70 billion representing 17,9% of the EU27's global chemical trade. The EU27 exported chemical goods worth over €40 billion to the US while importing more than €30 billion in return.

Tariff barriers and trade wars are NOT the way forward

To further grow and expand the transatlantic relationship, the chemical industry has always been an ardent supporter of a stable framework and further liberalisation between both economies. The plurilateral Chemical Tariff Harmonisation Agreement (CTHA) has been an important step to this effect. It managed to harmonise import duties for both the EU and the USA at comparatively low levels. Cefic therefore deeply regrets the erection of additional, unjustified US tariff barriers that hinder trade and investment flows across the Atlantic. They are generally hidden taxes for consumers and, worse, risk plunging economies into destructive confrontations that harm everyone.

Cefic therefore calls on the EU and the USA to continue to make all efforts towards resolving issues diplomatically to prevent further escalation. We support the EU's willingness to negotiate a fair and balanced deal with meaningful stakeholder engagement to protect industry and consumers, and create high-quality jobs, in both regions.

However, if no amicable solution can be found, Cefic steadfastly supports the European Commission in defending mutually agreed rules and European interests against hostile practices. Doing so is key to protect the integrity of the European Single Market, uphold WTO rules and ensure open trade relations. Therefore, if regrettably push comes to shove, the EU needs to be united and firmly respond with appropriate counter-measures in defence of European interests.

Need for successful dialogue and exploring sectoral agreements

Successful dialogue at the governmental level must be grounded in joint transatlantic industry engagement. Cefic believes that tangible, practical recommendations, built on clear interests identified from input and engagement by stakeholders, are essential for effective EU-US collaboration. By fostering open communication and joint efforts, both sides can derive mutual benefits and advance shared objectives.

As a forward-looking step, Cefic proposes exploring robust and binding sectoral agreements in the field of chemicals to further deepen the transatlantic relationship. Previous initiatives and ideas provide a solid foundation for this exploration. Enhancing regulatory cooperation would be particularly advantageous in addressing regulatory divergence and aligning standards for mutual benefit. Reducing the significant levels of existing non-tariff barriers on both sides of the Atlantic will benefit the competitiveness of our industry and serve as an important step towards developing a true “Transatlantic Single Market”¹.

Conclusion

In conclusion, Cefic reaffirms its commitment to cooperation over fragmentation, advocating for collaborative approaches in transatlantic trade and investment. While supporting cooperation and seeking a path forward to negotiation and resolution in the interest of companies manufacturing in Europe, Cefic supports the EU in defending mutually agreed rules and European interests. Cefic remains dedicated to work alongside its partners on both sides of the Atlantic to build a stronger, more resilient, and more prosperous future for all.

¹ Page 142 : <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>