



# IMPLICATIONS OF U.S. TRADE ACTIONS ON THE U.S. BUSINESS OF CHEMISTRY

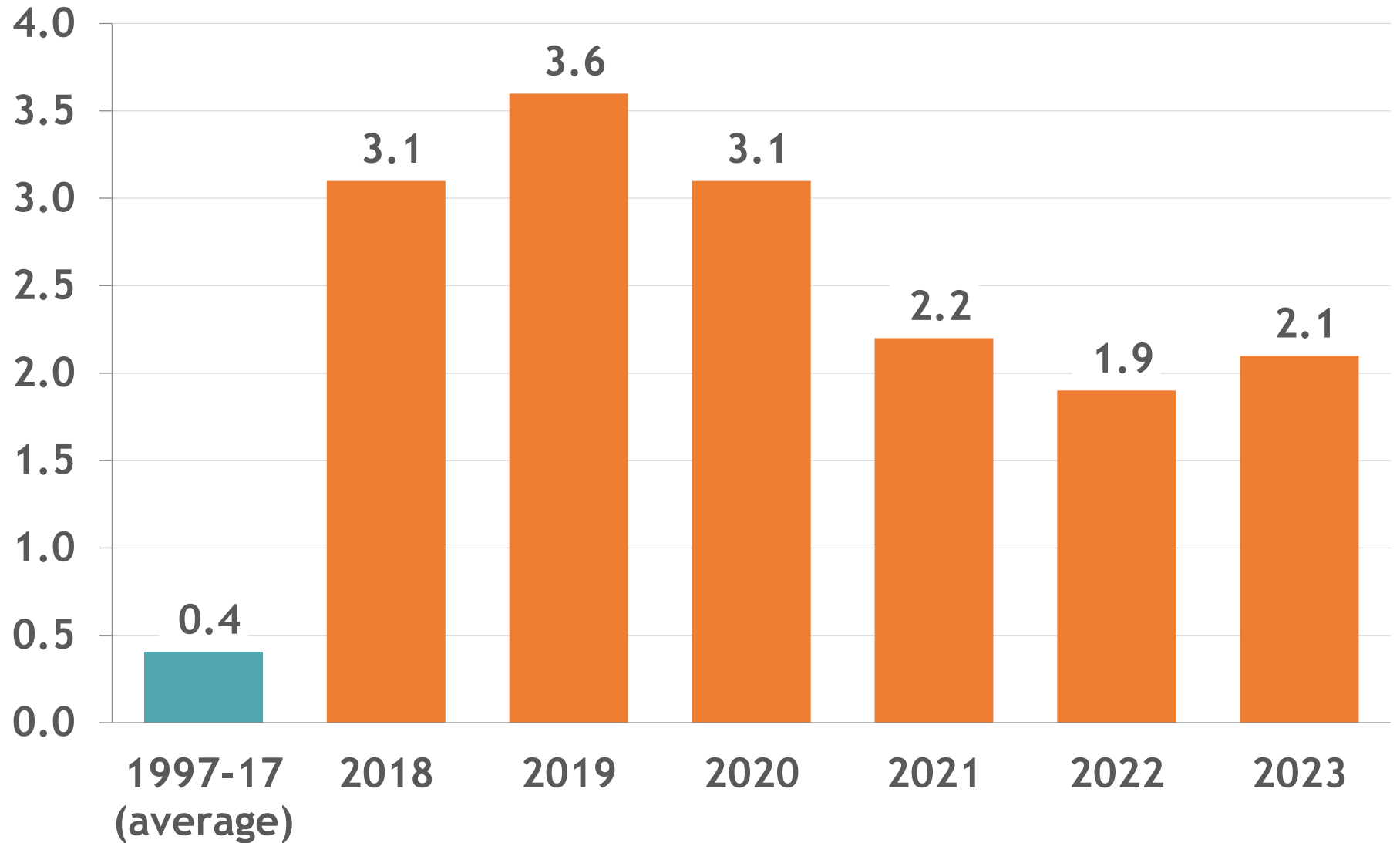
*November 27, 2018*

EMILY SANCHEZ  
DIRECTOR- ECONOMICS & DATA ANALYTICS  
AMERICAN CHEMISTRY COUNCIL



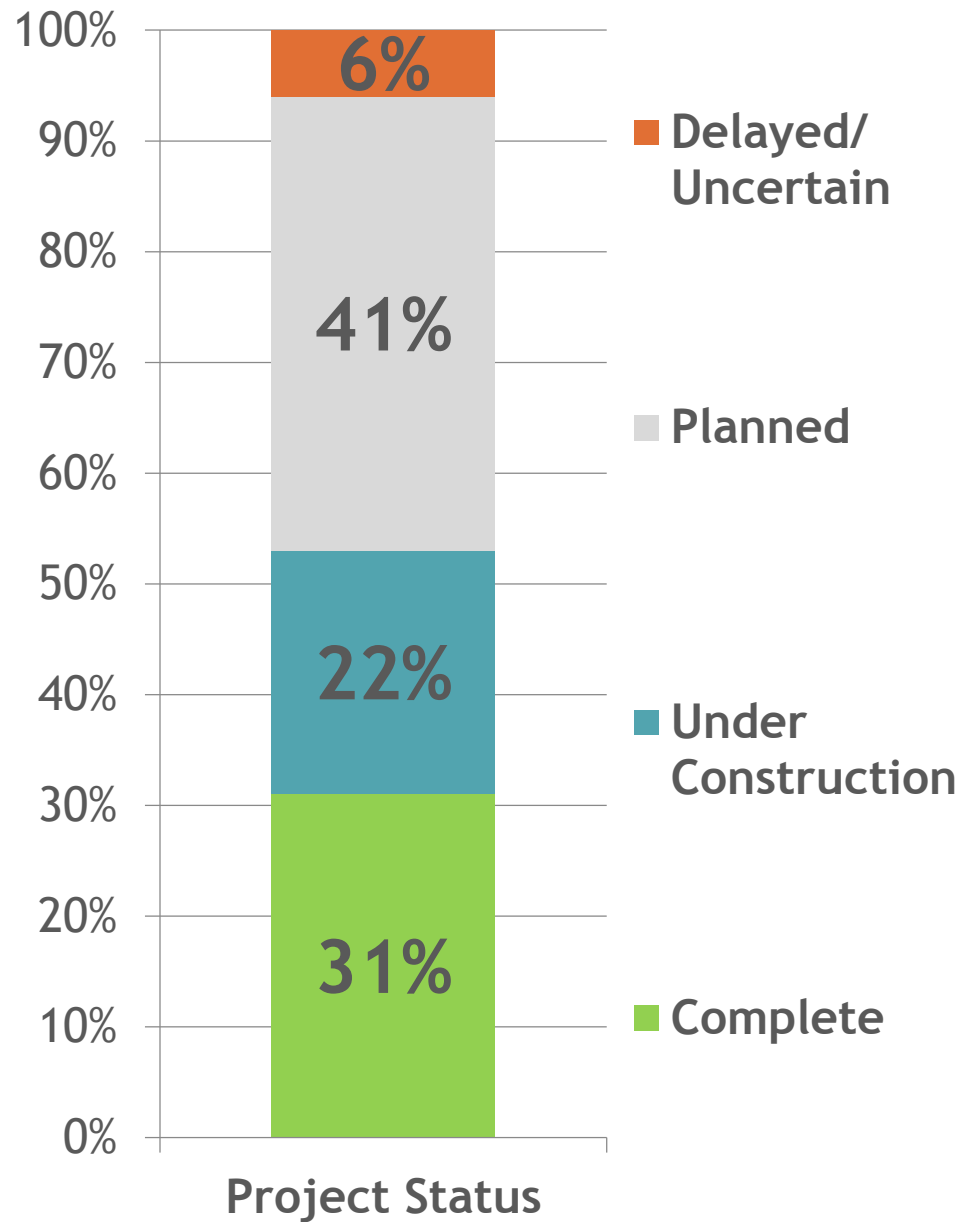
## U.S. CHEMICALS OUTLOOK

Y/Y % Change  
In Volume  
Produced



*Forecast (September 2018)*

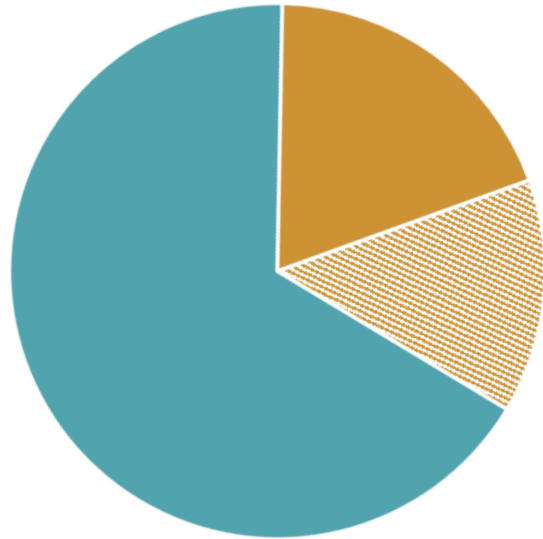
# U.S. CHEMICAL INDUSTRY INVESTMENTS DUE TO SHALE GAS



**\$202  
BILLION**  
In new capital  
investment

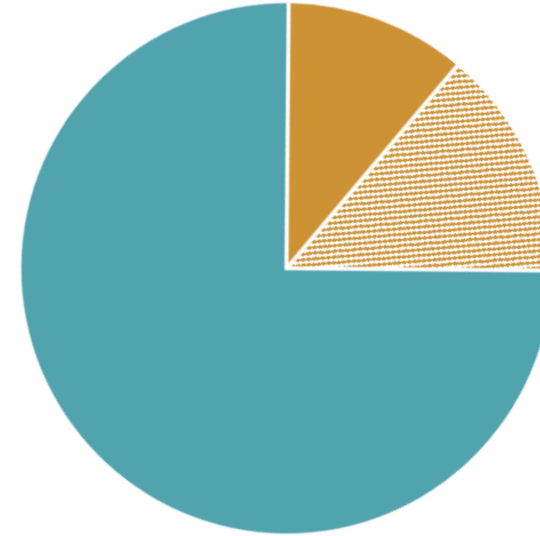
*As of September 2018*

# North American Chemical Industry is Highly Integrated



1/3 of all U.S. chemical exports are sold to MX, CA

44% intracompany transfers



1/4 of all U.S. chemical imports are from MX, CA

64% intracompany transfers

## Top U.S. Chemicals Export Partners

1. Canada
2. Mexico
3. China
4. Belgium
5. Brazil

46,000

U.S. chemical industry jobs depend directly on chemical exports to Canada/Mexico

# NAFTA Withdrawal Would Raise Prices, Destroy Demand & Jeopardize Investments

Tariff burden on U.S. chemical exports to Canada & Mexico could be between

**\$700 million** MFN Tariffs → **\$9 billion** Final Bound Tariff Level

Reduction in trade to Canada & Mexico

Best Case



Worst Case



Loss of up to 21k jobs

Price of:

U.S. chemical exports to Canada ↑ 0.8% - 4.4%

U.S. chemical exports to Mexico ↑ 2.3% - 35.2%



Creates uncertainty for **41% (\$83B)** of announced investments

# Total Losses in a Worst Case Scenario



Electronics



Health Care



Auto



Building &  
Construction

## U.S. SECTION 232 TARIFFS ALUMINUM & STEEL IMPACTS



Cost of New Capital, Maintenance  
& Expansion of Existing



Competitiveness of Downstream  
Steel/Aluminum Consumers

**\$3.5B**

U.S. Chemicals &  
Plastics Exports  
exposed to  
Retaliatory Tariffs



Demand for  
U.S. Chemicals



Demand for U.S.  
Goods *containing*  
Chemicals

## U.S. SECTION 232 TARIFFS AUTOS & AUTO PARTS IMPACTS

Auto is a Key End-Use Market  
for Chemicals and Plastics

*Tariffs would cause disintegration in  
global supply chains, making North  
American auto production more costly  
and reducing competitiveness.*



Demand for U.S. Chemicals



Demand for U.S. Goods  
*containing* Chemicals

**>\$360B**

U.S. Exports exposed to  
Retaliatory Tariffs

# U.S. SECTION 301 TARIFFS ON US-CHINA TRADE

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## SUMMARY

	U.S. SECTION 301 TARIFFS ON IMPORTS FROM CHINA	CHINESE RETALIATORY TARIFFS ON IMPORTS FROM THE U.S.
July 6	25% tariffs on \$34B imposed <i>(one chemical, \$3.6M)</i>	25% tariffs on \$34B imposed <i>No Chemicals</i>
Aug 23	25% tariffs on \$16B imposed <i>\$2.2B Chemicals/Plastics</i>	25% tariffs on \$16B imposed <i>\$2.0B Chemicals/Plastics</i>
Sept 24	10%, 25% (1/19) tariffs on \$200B imposed <i>\$13.2B Chemicals/Plastics</i>	5% and 10% tariffs on \$60B imposed <i>\$8.8B Chemicals/Plastics</i>
Cumulative	<b>\$250B</b> <i>\$15.4B Chemicals/Plastics</i>	<b>\$110B</b> <i>\$10.8B Chemicals/Plastics</i>
What's left?	<b>\$505B total goods - \$250B=</b> <b>\$255B exposed to additional tariffs</b>	<b>\$120B total goods - \$110B=</b> <b>\$10B exposed to additional tariffs</b>



# Collateral Damage from U.S. Section 301 as Retaliatory Tariffs Destroy External Demand



**\$1.8B**

Tariff burden on U.S. chemical and plastic exports to China

Reduction in exports to China

Best Case



**15%**

Worst Case



**56%**

*Loss of up to 55k jobs  
and  
\$18B in US economic output*

**QUESTIONS?  
CONTACT**

**Emily Sanchez**

**Director, Economics and Data Analytics  
American Chemistry Council**

[Emily\\_Sanchez@americanchemistry.com](mailto:Emily_Sanchez@americanchemistry.com)