

REACH: industry's meltdown predictions groundless, but fierce lobbying goes on...

The debate on the proposed European chemicals legislation reform (REACH) has largely focused on its financial costs to the industries affected. Since the Chemicals White Paper was published nearly five years ago, there has been a constant industry outcry that the reform is too bureaucratic, will be too costly to implement, and is driving industry straight towards offshoring and mass job losses. The strategy has paid off, because the version adopted by the Commission in October 2003 is a "REACH-lite" compared to that put out for public consultation on the Internet in May the same year. The demands on industry have been drastically scaled down to reduce the direct costs on it from 12.9 billion to 2.3 billion euros over 11 years¹.

Not content with this victory, the industry has kept up the same scaremongering, citing its own impact assessments of total costs 30 to 100 times those of the Commission. Extensively criticised for their unclear methodology and biased premises, these studies have nevertheless fostered the idea that the European chemicals industry would find REACH hard to take.

In October 2004, the Dutch Presidency hosted an overview workshop of the many studies done to date by industry, the different Member States and environmental NGOs. Thirty six impact studies were looked at². As the issues addressed and methods used differed widely from one study to another, the exercise reached the fairly bland conclusion that: "The impacts of REACH on society as well as on business cannot be estimated with certainty".

While these studies bear out the Commission's estimates of the approximate direct costs of implementation, the predictions vary wildly as to the indirect costs that downstream user firms will bear from the possibility of a large number of chemicals being withdrawn from the market as a result of the new scheme's registration requirements. The studies also find that the health benefits to workers and consumers will be undeniable, but hard to put a figure on. The Commission is suggesting 50 billion euros over 30 years from thousands of occupational cancers avoided each year. REACH's impacts on innovation, by contrast, remain a hotly-debated issue, with probably negative short-term effects overshadowed by the dominant long-term benefits.

"Apocalypse now" fears dispelled

To resolve the many uncertainties, but still with a policy-shaping agenda, the employers' organiza-

tions (UNICE and CEFIC³) made arrangements with the Commission for further impact assessments to be done, based on case studies. These microeconomic studies would analyse the impact of REACH in four chemicals-using industry sectors: motor manufacturing, flexible packaging, inorganic materials (cement, metals, paper and pulp, etc.) and electronics.

To ensure a measure of transparency and give credibility to these additional industry-funded and -done impact assessments, a stakeholder working group was set up to oversee the process. Representatives of the European Trade Union Confederation (ETUC), and two of its members (DGB and EMCEF⁴), along with delegates from environmental NGOs, were actively involved in the group. One thing they were particularly keen on was to see that the data collected made a clear distinction between fact and opinion.

The keenly-awaited results of this study were unveiled⁵ at the end of April 2005 to the meeting of the high-level group comprised of the two European Commissioners responsible for REACH - Günter Verheugen (Industry) and Stavros Dimas (Environment) - plus the general secretaries of UNICE, CEFIC, ETUC and WWF.

They show very clearly that industry's doom-saying is groundless, and that the costs and impacts of REACH are manageable. The main findings from the studies carried out are:

- there is limited evidence that substances produced or imported in higher volumes are vulnerable to withdrawal as a result of the REACH registration requirements;
- there is limited evidence that downstream users will be faced with a withdrawal of substances of greatest technical importance to them;
- companies recognise some business benefits from REACH (easier risk management and rationalisation of substance portfolio).

The only abiding concern relates to SME chemicals suppliers who "can be particularly affected by REACH having regard to their more limited financial capacity and lower market power in terms of passing on costs".

After five years of industry scaremongering about the workability of REACH and the damage it will do to the entire supply chain, the fears of meltdown have been allayed. While that may help clarify the debate in Parliament and the Council, where the draft regulation is currently being examined, it does not mean

¹ <http://europa.eu.int/comm/enterprise/reach/eia.htm>.

² *Overview of 36 studies on the impact of the new EU chemicals policy (REACH) on society and business.* Downloadable in PDF format from our website: www.etui-rehs.org/hesa > Main topics > Chemicals.

³ Union of industries of the European Community countries and European Chemical Industry Council.

⁴ Deutscher Gewerkschaftsbund and European Mining Chemical and Energy Workers Federation.

⁵ See note 1.

ETUC's REACH conference

The ETUC hosted a REACH conference^a on 11 and 12 March 2005, which issued a reminder of the need to press forward with and adopt urgently the reformed European legislation on chemicals.

By providing missing information on the properties of chemicals, and distributing it properly throughout the production chain, REACH should considerably improve the effectiveness of European worker protection legislation, and start to bring down the number of occupational diseases linked to dangerous substances^b.

Nearly 200 people attended the two-day conference - a hundred-odd delegates from ETUC member organizations, plus many invited guests, including European Environment Commissioner Stavros Dimas, Luxembourg's Minister of State Lucien Lux, representing the Council Presidency, the European Parliament's main rapporteur on REACH, Guido Sacconi, plus representatives from industry, consumer groups and the main environmental NGOs.

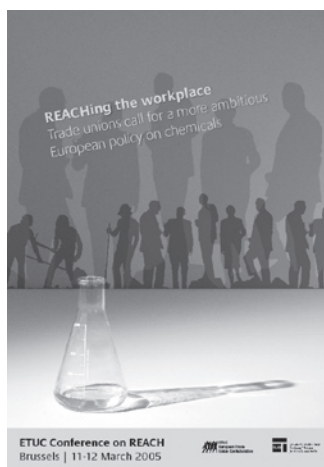
The key demands of the ETUC and its members for improving REACH are:

- the reintroduction of a duty of care for *all* chemicals produced in or imported into Europe;
- tighter registration requirements for low volume chemicals (between 1 and 10 tonnes/year);

- a quality assurance mechanism for information supplied by manufacturers and importers;
- better application of the substitution principle in the authorization phase.

^a The September issue of our Newsletter will be a special report on the conference. See also: www.etui-rehs.org/hesa > Main topics > Chemicals.

^b Musu, T., *REACHing the workplace. How workers stand to benefit from the new European policy on chemical agents*, TUTB, 2004. Downloadable from our website: www.etui-rehs.org/hesa > Publications.



that the industry has given up lobbying hard to get further changes to it.

Same proposal with a new spin

One of UNICE and CEFIC's main demands is on the REACH registration phase, where the industry wants a risk-based prioritization⁶ rather than the volume-based one currently proposed by the Commission. This is the same old industry proposal with a new spin: since the debate has shifted to the difficulties that some SMEs *may* have with REACH, it is now being held up as *the only way* that SME chemical manufacturers will be able to afford to implement the reform.

The ETUC's REACH conference stressed its support for volume-based prioritization on the grounds that a mainly risk-based registration system would be the undoing of the reform (see box). This is because the risk approach can only work if there is data available on the intrinsic risks of chemicals and their exposure levels, both of which are in desperately short supply for most chemicals and are meant to be generated by REACH!

Another industry demand is to restrict the scope of REACH to chemicals intended for the European market, whereas the present proposal would apply to *all* substances produced in or imported into Europe⁷.

Subtext: "providing a good level of human and environmental health protection in Europe is all right, but let's not be so particular about chemicals for export".

This proposal raises a series of ethical issues that affect third countries and the environment, but also workers, who would not have access to the same risk management information depending on whether the chemical they are manufacturing is intended for the internal market or export.

The MEPs on the nine European Parliament Committees responsible for examining REACH⁸ are besieged by industry representatives trying to sell them these and many other "light" versions of provisions, which they argue will make REACH "more workable and profitable while keeping the benefits for industry competitiveness, the environment and human health".

We believe that REACH lies on the cusp between expansion of the internal market and greater respect for the rights and protection of workers and consumers, and is an opportunity to be grasped for a more socially responsible Europe. But for that, industry has to play ball. ■

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⁶ The order in which chemicals have to be dealt with.

⁷ Above 1 tonne a year per manufacturer or importer.

⁸ See: Musu, T., *Improving REACH, the future European chemicals policy*, TUTB Newsletter, No. 26, December 2004, p. 3-6. Downloadable from our website: www.etui-rehs.org/hesa > Newsletter.