

Environment Planning and Countryside Committee

Date:	Wednesday 22 June 2005
Venue:	Committee Room 2, National Assembly Building
Title:	Update on the scoping study undertaken by the Welsh Assembly Government in relation to the EU REACH Regulation

Purpose

At their meeting on 4th May 2005 the Committee requested an update on the scoping study undertaken by the Welsh Assembly Government to gauge the level of awareness of Welsh stakeholders of the European Commission's proposals for a new European Union chemical strategy.

Summary / Recommendations

The Committee is invited to note and consider the Welsh Assembly Government's paper on the findings of the scoping study undertaken to gauge the level of awareness of Welsh stakeholders of the European Commission's proposals on REACH.

Background

The Commission's proposal.

The European Commission propose a single system to gather "hazard information", assess risks, classify substances, make requirements for labelling, and control the marketing and use of individual chemicals and mixtures. The REACH system:

- Registration of basic information of substances to be submitted by companies, in a central database.

- Evaluation of the registered information to determine hazards and risks.

- Authorisation requirements imposed on the use of high-concern substances. This process will be used for both new and old Chemicals.

EU Council negotiations started in early 2004 and the UK is hoping to achieve political agreement on the proposal towards the end of its Presidency. The European Parliament is also discussing the

Commission proposal and is expected to complete its first reading by September 2005.

A fuller summary of the Commission's proposal and the timetable for its adoption can be found at Annex B.

Engagement with Stakeholders

In preparation for the negotiations, the UK Government has been in formal consultation and continued contact with industry at all levels and the views of business and organisations that will be affected by the legislation are being taken into account. There appears to be broad support across stakeholders for the proposed regulation. Chemical businesses in Wales, like others, recognise that their industry must be well run and well regulated. However, a range of industrial sectors have voiced concerns about the effect that implementing the proposals could have on their competitiveness. They are keen to get a consistent approach both EU wide and internationally. There was a disappointing response from Welsh companies to the UK consultation that was undertaken last year.

As a result, in April the Welsh Assembly Government undertook a six week scoping study to gauge the awareness amongst stakeholders in Wales. The scoping study in the form of a questionnaire was targeted at a cross section of business stakeholders in Wales. 91 businesses across Wales were targeted, drawn from the manufacturing, importation sectors as well as SMEs and downstream users. Businesses were selected by challenging existing databases for businesses with a possible interest in the chemical sector. To encourage participation, the bilingual questionnaire was placed on the Assembly Government's internet site and also was also placed, by agreement, upon the internet sites of the Federations of Small Business in both north and south Wales. A follow up letter and copy of the questionnaire was sent out at the study's mid point

A profile of Welsh Stakeholders is at Annex C

A list of the questions posed is included at Annex A

Discussion

The scoping study's questionnaire sought to gather intelligence from Welsh stakeholders under 4 key themes; the Awareness of stakeholders of the new proposals (Question 1), the Engagement of stakeholders within the UK consultation process (Question 2), the level of Preparation of stakeholders (question 3) and also to consider how stakeholders would wish to be further informed (Question 5).

A response rate of 36% compares favourably to that of the response rate for other public sector engagement strategies where a response rate of below 10% is often received. Five of the respondents chose to remain anonymous, the remaining 28 responses were received from a mixture of manufacturers, distributors and downstream users.

A summary of the responses received is at Annex A.

Summary of responses received to the Welsh Assembly Government questionnaire to stakeholders on proposals for a new EU chemical strategy REACH.

Sample size:91

Responses received: 33

Percentage received: 36%

Date of study: 16 April – 7 June 2005

1. Are you aware of the proposed Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) legislation?

	Number of responses	Percentage of total response
Yes	21	64
No	12	36

21 out of the 33 responses received stated that they were aware of the proposals, 12 indicated that they were not.

2. Did you respond to the Government consultation on REACH earlier this year, either independently or through trade body or association? If not why?

	Number of responses	Percentage of total response
Yes	14	42
No	20	58

Of the 14 respondents who indicated that they had responded to the UK consultation, two had stated that they had done so through a national trade body. Of the 20 that did not respond to the UK consultation, 1 alternatively responded directly to the EU consultation, 14 were not aware of the UK consultation, 4 did not recall receiving the information, 2 considered the UK consultation to be a "waste of time" and one stated that the paperwork had been mislaid.

3. Have you made any preparations in anticipation of the introduction of REACH legislation? If

yes, what steps have you taken?

	Number of responses	Percentage of total response
Yes	8	24
No	25	76

25 respondents stated that they had not made any preparation. Three respondents had undertaken an assessment of the impacts direct to the company and four respondents have started to prepare dossiers on their chemical inventory.

4. Do you consider the legislation will have any impact on your business? If so, could you state what you consider the impact will be?

	Number of responses	Percentage of total response
Yes	17	52
No	10	30
Don't know	6	18

10 respondents stated that they felt the regulation would not impact their business.

One felt that the regulation may have some impact depending on the detail in the final regulation.

9 respondents felt that regulation would introduce higher costs for their business.

3 respondents considered that the regulation would require additional testing of their products.

3 respondents considered that they would have to find substitutes for their products

5 respondents felt they would withdraw some products from the market.

2 respondents feared it would increase bureaucracy

One respondent expressed some reservations concerning the protection of data pertaining to their protection.

3 respondents felt this would affect their competitiveness.

6 respondents felt they did not have enough information to determine if REACH would have an impact on their business.

5. What sources would you find useful for accessing information on the REACH legislation?

	Number of responses	Percentage of total response
Leaflets/Guides	22	67
Websites	23	72
Trade Associations	9	28
Workshops/Seminars	11	34
Other	0	0

Key features of the proposed REACH system

Aims and objectives

In introducing the REACH proposal, the European Commission has seven main objectives:

- Protection of human health and the environment
- Maintenance and enhancement of the competitiveness of the EU
- Prevention of fragmentation of the internal market
- Increased transparency
- Integration with international efforts
- Promotion of non-animal testing
- Conformity with EU international obligations under the WTO.

The proposal aims to address a number of short-comings found in the current systems relating to the supply and assessment of chemicals, including:

- the lack of available information on risks to human health and the environment from the many substances on the EU market;
- the slow and resource-intensive nature of the current system;
- the need for responsibility for the assessment of chemicals to shift from the regulatory authorities to industry;
- the lack of information on uses of substances.

Expected Timetable

Negotiations are ongoing in the European Parliament and the Council of Ministers. The co-decision procedure, involving negotiations in the European Parliament and the Council of Ministers, is now underway and a working group of officials from Member States have begun to consider the Regulation in detail. Once the negotiations have concluded, mechanisms will need to be put in place to handle the work both at Member State level and in the new European Chemicals Agency.

Stage 1: The first stage, applying three years after the Regulation comes into force, requires the registration of substances manufactured or imported in quantities of 1000 tonnes per year and above, plus those that meet the criteria for classification as carcinogenic, mutagenic or toxic for reproduction categories 1 or 2 under Directive 67/548/EEC.

Stage 2: The second stage, applying six years after the Regulation comes into force, requires the registration of substances manufactured or imported in quantities at 100 tonnes per year and above.

Stage 3: The final stage comes into effect eleven years after the Regulation comes into force, and applies to the registration of substances manufactured or imported in quantities of 1 tonne per year and above.

Profile of Welsh chemical business sector:

The chemical industry in Wales represents about 4% of total UK activity. In terms of individual companies the industry is widely distributed. The largest concentration of activity is in the South Wales region where Dow Corning, the silicones manufacturer, is the largest company employing some 800 employees. Other leading companies in the area include Borden Chemical, Cabot Carbon, Cognis and Dow Chemical. Clariant have a fine chemical plant at Pontypridd and Cray Valley makes speciality coatings in Caerphilly. Biozyme Laboratories manufacture high purity enzymes in Blaenavon. In Llanelli, Huntsman has a performance chemical unit and Grillo Zinc oxide is at Bury Port. DuPont Sabanci make polyester fibre in Pontypool. Both Solutia and Exxon have plants in Newport and there are also chemical companies based in North Wales such as Flexys, Ferro and Peboc in Anglesey.

It is clear, however that the 3 main business groups affected will be

- Chemical Industry Manufacturers and Importers

They will need to register their substances with the European Central Agency if they manufacture or import quantities of over 1 tonne.

- Importers and Retailers

They will need to ensure that the products they sell meet the requirements of REACH.

- Downstream Users

Downstream users are typically those business sectors whom utilise substances as components within their business activities i.e. packing industry. They will have a duty to ensure compliance with risk management measures recommended by importers and retailers.