

UK Department for Environment, Food and Rural Affairs Issues Consultation Paper and Request for Comments on the New EU Chemicals Strategy (REACH)

The UK Department for Environment, Food and Rural Affairs (Defra) recently issued a [Consultation Paper](#) which sets out the European Commission's (EC) proposed regulations to establish the New EU Chemicals Strategy (REACH) and the UK's view on the proposal. The Consultation Paper includes a partial Regulatory Impact Assessment (RIA), which contains an initial assessment of the impact of policy options on the UK in terms of the costs, benefits and risks of the EC's proposal.

Options

The RIA examines the cost of compliance under three possible options. Option 1 is non-implementation. This option assumes that certain costs continue to be incurred whether REACH is implemented or not, and therefore reflects the baseline option against which the costs of implementing REACH may be assessed. Option 2 is full implementation of REACH with voluntary consortia formation among manufacturers/importers. This option reflects the Commission's proposal which requires one registration dossier per manufacturer/importer per substance. Option 3 is full implementation of the Commission's proposal with mandatory consortia formation, which would require companies to jointly submit aspects of the registration dossier with the aim of achieving one registration per substance.

Cost estimates of REACH

It is reported that the UK accounts for approximately 15% of the EU chemicals industry with 60% attributed to the speciality sector. This area together with the small and medium-sized enterprises are expected to suffer the most as a result of the implementation of the REACH programme.

The cost of new chemical registrations is taken into consideration in the RIA. The UK accounts for 28% of new chemical registrations. However, there are a number of new substance notifications made by non-UK companies, so the 28% figure is considered the high point, with 21.5% as the mid point and 15% as the low point.

Cost estimates are heavily influenced by the number of consortia that might be formed. The RIA assumes 85% participation in consortia as the high point, 50% as the mid point and 25% as the lowest point.

As a consequence of a variety of assumptions, cost estimates range from a high of £2.813 billion to a low of £267 million. The report concludes that the mid point cost of £500 million could be the actual cost to the UK chemicals industry. This equates to approximately £45 million per year over the expected 11 year transitional period.

Cost associated with non-implementation (Option 1)

There are no additional UK direct costs associated with Option 1. However, this option is very unlikely as the UK is obliged to introduce REACH once it comes into force.

Cost associated with full implementation with voluntary consortia (Option 2)

This is the current position with regard to the review process for existing chemicals and does not change in the REACH proposals. However, there has been some discussion about mandatory data sharing (Option 3). There is an assumption that 85 percent of substances will be tested through consortia. Cost estimates based on different levels of consortia formation are presented below.

Cost estimates with 85% of substances in a consortium and a 21.5% apportionment of the cost of REACH to the UK

Activity	(£)
Pre-registration	12,900,000
Registration	321,726,000
Evaluation	51,600,000
Authorisation	129,107,500
Totals	515,333,500

Cost increases should the number of consortia be reduced to 50%

Activity	(£)
Pre-registration	12,900,000
Registration	757,343,413
Evaluation	51,600,000
Authorisation	129,107,500
Totals	950,950,913

Cost associated with full implementation with mandatory consortia (Option 3)

(It is acknowledged that the major advantage of this option will be the potential to reduce animal testing.)

Activity	(£)
Pre-registration	12,900,000
Registration	311,296,350
Evaluation	51,600,000
Authorisation	129,107,500
Totals	504,903,850

As expected, there is very little cost difference between the scenario involving mandatory consortia and the scenario assuming 85% participation in voluntary consortia.

The differences become much greater as costs increase in line with a reduction in the establishment of voluntary consortia.

Benefits

Although the benefits of REACH to health and environment have been well-documented, there is still a lack of available information on dose response relationships from which actual benefits attributable to REACH can be determined.

The report contains detailed discussion about the financial benefits to industry from the development of an enhanced reputation, stating that "...it seems most likely that compliance with legislation under the proposed Chemicals Strategy could enhance the social responsibility and product/service-related perceptions of Europe-based chemical companies." Although this may be a benefit, the report goes on to say that "[i]t is very difficult to estimate the monetary value of many of the potential benefits of REACH."

The report concludes that:

- REACH will impose substantial additional costs on the UK chemical industry and downstream users;
- REACH will require an increase in administrative and technical resources;
- REACH could bring about a reduction in workplace illness and diseases;
- There are uncertainties about key elements of the final regulations, one of which is the possibility for the mandatory formation of consortia;
- It is difficult to quantify any financial benefits for industry;
- The cost of any benefits for society will fall on industry;
- The cost burden will fall heavily on those involved in specialty chemicals and small & medium sized enterprises; and
- There is concern for the potential to source and manufacture in non EU countries resulting in serious job losses.