

INTERGRAF

International confederation for printing and allied industries a.i.s.b.l



European
Carton Makers Association



FLEXIBLE PACKAGING EUROPE



European Association
of the Rubber Industry



UEA



TIE

Brussels, 10th March 2003

New EU Chemicals Strategy

It is widely recognized by now that the new EU Chemicals policy will have far reaching effects in the European economy. The various impact assessment studies that have been carried out so far have come up with alarming scenarios for EU industry that are not limited to the chemical sector. The effects will, indeed, touch upon key competitive factors of Europe's industrial value chains and thus on their sustainable development.

One positive effect in the birth of this new EU Chemicals policy is the intense exchanges it has triggered throughout Europe's value chains, both intra- and inter-sectoral. Positive, because concerns deriving from this new policy were shared, and enhanced partnerships could be established between the economic actors forming the links in Europe's value chains and the interfaces of the various industrial sectors. But one cannot disregard the fact that this positive development for the manufacturing industry originates from a rather negative circumstance : its marginalisation in the official impact assessment process and exclusion from the process of shaping legislative proposals. This leads to a lack of accurate information about those industrial sectors and no involvement from them, in spite of the fact they may have to carry a large share of the burden of the new EU chemicals policy.

The platform that has come together today is the result of these circumstances. It gathers a number of sectors from Europe's manufacturing industry and represents a large spectrum of Europe's business community that is alarmed by the potential consequences of the implementation of the new EU Chemicals policy and that has the impression that its fate is being shaped behind closed doors without due consideration for its legitimate interests.

The sectors involved in this platform are clearly distinct from the chemical industry and its immediate downstream users, i.e. those companies that formulate chemical substances for the manufacturing industry or for direct sale to the consumer.

We represent the manufacturing industry; those enterprises – SME's to a large majority - that use chemicals legally placed on the market by the latter for the manufacturing of products and components that will ultimately become the articles that are sold to the consumer.

As such our enterprises play a key role in Europe for structuring the social tissue, providing jobs directly and indirectly, creating wealth, developing our lifestyles and pushing further the frontiers of science through applied research.

For the production of goods, these economic operators are caught between their suppliers of chemicals upstream, the technological possibilities of their factories and downstream by the technical, performance-related and economic product requirements demanded by the market. Although their margin of manoeuvre in this context is rather small, they have been able to evolve so far improving their technological excellence and resisting competitive pressures, often becoming World leaders in their respective fields.

A substantial change in any of these features has direct and profound consequences on the others.

The new EU Chemicals policy will bring about a very substantial change in the supply of chemicals. A supplier may not be willing to go through the expensive registration procedure when, in his view, the economic value of a substance bears no relation to the cost of its assessment. It has been estimated that the manufacturing industry could be faced with the de-selection of up to 50% of the substances currently available, most of them not because of their intrinsic risk but for economic reasons. This de-selection will in general lead to a dramatic increase of costs without contributing towards a healthier Europe.

Such an economic de-selection of chemicals can have very dangerous consequences on the market. On the one hand, users in the manufacturing sector may no longer have substances available that constitute key factors for their competitiveness. On the other hand, whereas in the past competition between suppliers favoured the appearance on the market of a wide range of speciality chemicals at affordable prices, in the future customers are likely to see a limitation of choice and thus a deterioration of their bargaining power. The dependency on their suppliers will be even more significant than today. Upon request many examples in our individual sectors affecting our specific activities can be demonstrated in this respect.

Moreover, many operators are legitimately worried about the capital investments in their plants and the quality of their products. This concern streamlines entire value chains, from the producer of materials and components who does not know whether his machinery will perform appropriately with the chemicals that will remain available, through to the manufacturer of consumer articles, who might see re-emerging the problems and defects in production due to the low performance of materials and components that have been long forgotten (colour fastness, abrasion resistance, tear strength, smooth spreading and fastness of inks...).

Left in such a vulnerable position, the manufacturing industry in Europe will suffer an erosion of its position on the market. Incapable of maintaining the high standards that their customers and ultimately the consumers expect from their products, Europe's industrialists will be forced to watch imports taking over their domestic markets and foreign competitors beat them on external markets. Moreover, there is no convincing reason for a manufacturer of articles or for a consumer to accept to pay a higher price for a lower performing product, if there are better and cheaper alternatives available abroad.

The White Paper, the only official document available so far, fails to demonstrate that the EU Chemical Policy could be applicable without engendering competition distortion in favour of imports of finished articles from non-EU countries.

No one rejects the objectives of the new EU Chemicals policy. On the contrary, these are welcome and warmly supported by the manufacturing industry as one can read from the many position statements that have been issued by their representative organisations. Better governance in the supply chain of chemicals would undoubtedly bring about significant benefits.

Europe's manufacturing industry is keen to be part of this process. It is however vital that we are given a clear position in the process. This means that we should also be amongst the industries consulted by the legislator. We should therefore need to receive relevant information at an early stage, and information provided by the manufacturing industry should also be taken into consideration.

In this sense, future EU chemical legislation must be reasonable and must allow industry to comply in a practicable way. The manufacturing industry cannot meet any requirements, which would imply the registration and performance of risk assessment of chemicals. Its core activities are in a totally different area. It has neither the technical competence and know-how nor the financial strength to undergo the complex and costly registration and testing procedures of the REACH system. "Consortia" creation among downstream user groups to meet the costs of requirements is quite unlikely, looking at the fragmentation of EU industry and the risk of "free riders".

The strength of the manufacturing industries lies in its capacity to select and efficiently employ high performance chemicals in sophisticated production processes taking due care of environmental protection and ensuring workers and consumer safety. They cannot afford to be held responsible for performing REACH duties for substances that their suppliers may decide not to undertake.

Similarly to their suppliers, the competitive advantage of Europe's manufacturing industry is often based on its specific competence in handling production processes (non-material assets). Confidentiality and protection of data is fundamental to maintain this

advantage vis-à-vis competitors. This must clearly be taken into account within the framework of the new chemical legislation.

Based on the reservations above, our earnest plea would be:

- To limit the scope of REACH to substances and preparations;
- To exclude downstream users from the registration phase;
- To exclude downstream users from performing risk assessments;
- To take into account the confidentiality aspects, data protection and intellectual property rights;
- To seek and maintain a stable, competitive and loyal supply and value chain partner;
- To opt for the least costly and bureaucratic administrative management system;
- To create a level playing field with competition from abroad;
- To exempt polymers, nature-borne and nature-like substances from the scope of REACH system;
- To allow for large categories of uses.

In conclusion we stress the need for a well-balanced approach in the objectives and the implementation of the future EU Chemicals Policy. Failure to do so would lead to social and economic drawbacks, which are neither justified nor necessary to achieve the desired objectives and will cause irreversible damage to EU manufacturing industries.

We thank you in advance for your attention and we would appreciate the opportunity of discussing our concerns with you and your experts involved in the preparation of the legislation. We therefore hope that initial contacts, which have already been made with your department, will have a positive outcome. In all circumstances we remain available for any further details or analysis you would like to receive about our sectors in general or about any of our specific activities.

Yours faithfully,

COTANCE
Leather Industries

G. Gonzalez-Quijano
Secretary General



EURATEX
Apparel and Textile

W. H. Lakin
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FPE
Flexible Packaging

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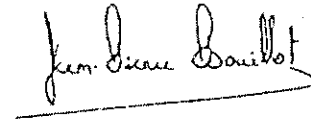
CITPA
Paper Converting

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INTERGRAF
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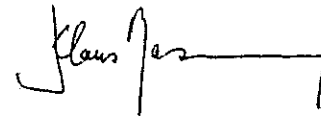
BLIC
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F. Cinaralp
Secretary General



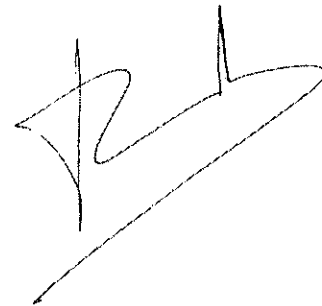
TIE
Toy Industries

K. Rasmussen
Chairman



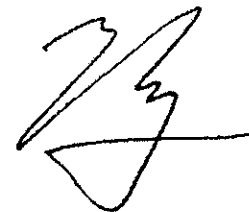
UEA
Furniture Industries

B. De Turck
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ECMA
Carton Makers

J. Lejeune
Director



Overview of the Economic Weight of This Group of Manufacturing Industries

Industry Sector	Association representing the sector	Turnover million €	in Number of companies	Employment level	Extra-EU exports in million €	Period covered by the data
Flexible Packaging	F'PE	9.500,00	400	43.000		2001
Furniture	UEA	82.200,00	88800	925000	9900	
Leather	COTANCE	8.051,24	3043	56384		2000
Printing	INTERGRAF	94.150,00	105260	859000		2000
Rubber	BLIC	35.000,00	1200	280000		2000
Textile & Clothing	EURATEX	192.000,00	114000	2100000		2002
Toys	TIE	4.600,00	2000	98500		2000
Paper & Board Converting	CITPA	na	5000	380000		2001
Carton Makers	ECMA	8.221,00	na	na		
TOTAL		433.722,24	319703	4.741.884		

Notes on the distribution of data

- TIE 80% of companies employ less than 50 employees
- INTERGRAF 80% of companies employ less than 50 employees
- EURATEX The textile and clothing industry represent 3.4% of EU manufacturing industry's turnover, 3.8% of the added value and 6.9% of industrial employment.
- SMEs represent 95% of the sector

Details about this Group of European Manufacturing Industries

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