

The Impact of REACH on the Chemical Industry in the New European Member States

Commissioned by:

European Commission – DG JRC/IPTS, Seville, Spain

Carried out by:

Ökopol GmbH, Institute for Environmental Strategies, Germany

In cooperation with:

Fraunhofer Institute for Systems and Innovation Research (ISI), Karlsruhe, Germany

Duration:

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Background and task description

The new proposal for a European chemicals regulation REACH will be equally applied in all 25 Member States after its adoption. Possible impacts of REACH implementation have been analysed and described in different studies on EU and on national level (EU 15, old Member States). However, the impact of REACH on chemical industry in the New Member States could be different from the one in EU-15.

The project is carried out in the context of the Memorandum of Understanding between the services of the European Commission and UNICE/CEFIC.

Objective and expected results

The objective of the study is to evaluate how REACH affects the companies' business in the New Member States, and to assess their ability to cope with the change requirements and roles. The key issues of interest are impacts on

- costs, profitability and competitiveness of the companies,
- their product portfolio, which may be affected by the change in availability of chemical substances,
- innovation activities and time to market for new products,
- capacity and skills related to HSE management and
- the strategies to cope with REACH in general.

The subject of the study is the *specialty chemicals* sector. Within this sector, a number of case studies will be analysed in detail, covering all levels of the supply chain. These levels are

- manufacturer and importer of chemicals (M/I),
- formulators of chemical preparations, and
- downstream users outside the chemical industry (DU).

The study focuses on *key products* and *particularly vulnerable substances*. A "key chemical" being, in this context, a substance or preparation considerably contributing to a company's turnover (excluding niche products) and being part of its competitive advantage or being of strategic importance. A chemical is "vulnerable" if its production is endangered by phasing-out of its raw material under REACH, or if a registration is not sensible from an economic point of view. In the majority of cases vulnerability is confined to low volume and/or low price substances.

Project execution

For each value chain level a comprehensive questionnaire has been developed for a two-step empirical approach: during the first step basic techno-economic data, which is indispensable for the quantitative assessment of REACH impacts, are requested. Collection of this information requires some desk work in the company prior to a face-to-face interview which is carried out afterwards. All information and data made available by the companies will be kept strictly confidential. The presentation in the project report will not allow allocating certain information to individual companies.

Poland, the Czech Republic and Estonia have been selected as typical playing fields for the New Member States. Starting point of the empirical fieldwork will be a total of nine interviews with formulators, three in each country. This will be followed by a workshop to identify 3 speciality chemicals for the value chain analyses, one for each country. Then the REACH impacts of the selected chemicals will be traced up to the substance suppliers or importers, and down to the downstream users. At the end an empirical basis of about 30 interviews will be available for a more thorough assessment.

The European Commission aims to use the results for the final shaping of the REACH regulation draft, published on October 29, 2003. To serve this, the results of the empirical fieldwork with industry must be available in due time before the first reading starts in the European Parliament. Considering the present time schedule of the European institutions draft results must be presented in March 2005. The final report will be available in late spring of the same year.

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