

10 July 2003

**Chemicals legislative package:  
UNICE rejects bureaucratic approach of proposed REACH system**

The chemicals legislative package will have a negative impact on European industry generally, given that all products are manufactured on the basis of chemical substances. This is the main conclusion UNICE has drawn after the eight-week Internet consultation on the Commission's proposal for a chemicals legislative package issued on 7 May. For UNICE it is therefore essential to correctly analyse the situation and avoid undesirable consequences for the competitiveness of all industrial sectors in Europe.

The core element of the proposal of the Commission is the REACH system that consists in the Registration, Evaluation and Authorisation of Chemicals, placing a duty on companies that produce, import and use chemicals to assess the risks.

*"UNICE supports the general objectives of REACH," says Dr Jürgen Strube, President of UNICE, "which seeks to enhance sustainable production and use of chemicals. However we consider that the situation has not yet been properly analysed. As it looks today, the REACH system risks adding red tape, increasing costs and reducing companies' incentive to innovate".*

The Commission should rapidly assess the benefits of REACH in terms of sustainable production, but also the consequences of REACH for Europe's competitiveness and its capacity for innovation, which are key for prosperity and job creation.

The main threats of REACH are: first, cessation of production of less profitable chemicals, which might be withdrawn from the market because of high compliance costs. Second, fewer substances means a limitation of choice, thus less negotiation power and severe consequences for downstream users, and also less potential for innovation. Third, this climate of uncertainty could hold back investments in the EU and lead to industry relocation to regions outside the EU which offer better potential for competitiveness.

*"One could introduce a prioritisation system in order to tackle the most problematic substances first", suggests Dr Jürgen Strube. "The Commission should also launch pilot projects to assess real impacts at company level. The claimed health and environmental benefits of this regulatory experiment are not clear. We call on the Commission to consider all the components of sustainable development (social, economic and environmental) in order to develop a new and better REACH system which does not penalise the EU as compared with its international competitors".*

UNICE expects the Competitiveness Council to play a dominant role in development of the chemicals legislative package.

UNICE's detailed comments can be downloaded from [www.unice.org](http://www.unice.org).

*Note to the editor:*

UNICE represents more than 16 million small, medium and large companies active in Europe, employing over 106 million people. Active in European affairs since 1958, UNICE's members are 35 central industrial and employers federations from 28 countries, working together to achieve growth and competitiveness in Europe.