

Mr R. Prodi
President of the European Commission
Rue de la Loi 200
B – 1049 Brussels

17 October 2003

THE PRESIDENT

Dear President,

re: EU Chemicals Strategy (REACH)

We learnt some details of the impact assessment carried out by the Commission on its revised draft chemicals proposals at the stakeholders' briefing organised on 16 October 2003 and from the press release issued the same day.

While I appreciate the effort at transparency that these initiatives represent, I must inform you that they do not yet meet the concerns that I expressed to you in my letter dated 11 September 2003. The need for further consultations by the Commission, in particular of downstream users, seems to me just as essential as ever.

Indeed, it emerged from the briefing session that:

- there is a significant margin of uncertainty, which the services of the Commission have not sought to hide, regarding several working assumptions used for the impact assessment. This is the case, for example, for the assumed availability of computer-based testing methods (Quantitative or Qualitative Structure Activity Relationships - QSARs) ;
- no tangible progress has been made with regard to the evaluation of sectoral impacts. The Commission presents an estimate whereby the total macroeconomic cost of REACH for downstream users would be between €2.8 and € 5.2 billion, a figure which is situated in the lower part of the available estimates. It must be realised that these total costs, which are very high, will be borne, to a considerable extent, by a limited number of downstream user sectors whose production system will be particularly affected by the planned REACH legislation. Those particularly affected will include: the textile industry, the photographic products industry, the metals industry and a number of sub-sectors of the mechanical and electro-technical industry. It is essential that the economic impacts on user sectors critically affected are measured to an acceptable level of precision, so that informed and responsible policy development can take place.

In the case of potential withdrawal of substances from the market, impact assessment should take account of the fact that it is a time-consuming process to find alternative solutions without compromising other important aspects, such as safety or fitness of products for use. This is a particularly difficult challenge for small and medium-sized companies.

- the economic model used by the Commission is a "closed economy" model, which is not suitable for considering the impact of REACH on the international competitiveness of downstream users.

Furthermore, we are deeply concerned that the current REACH concept will make the business environment less supportive for innovation, by impacting negatively on:

- the flexibility of the production system

REACH aims at controlling uses of substances and preparations. If a new use by a downstream user is not covered by the registration of a company further up in the supply chain, the user either would need to register himself or have his use recognised as an "identified use" through his supplier. However, he has to wait with his new use until it is registered by the supplier. If the supplier himself is not the registrant, the request goes up the supply chain. The data-gathering and the registration might again take time. During all this process, the new use cannot start. Yet, success in innovation critically depends on the capacity to take swift technical and commercial initiatives.

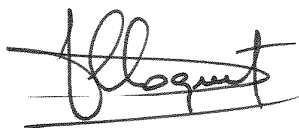
- confidentiality

For an innovation to be commercially successful, it is vital that company know-how is protected. The REACH draft proposal still requires much confidential business information to be laid open to the public.

Because of these negative impacts, REACH should not control individual ("identified") uses, but follow simple, broad and standardised exposure categories. Furthermore, the registration of broad classes of (identified) uses, rather than very specific, individual uses would avoid excessive and unnecessary administration.

These are examples of issues that still need to be discussed more in depth between the Commission and downstream users in particular, with a view to arriving at a balanced and efficient system, in line with the conclusions on industrial policy of today's European Summit. UNICE, supported in this by ACEA, BLIC, CEMBUREAU, CEPI, EFPIA, EUROFER, EURATEX, EUROMETAUX, ORGALIME, calls on you to respond positively to this request.

Yours sincerely,



(on behalf of)
Jürgen Strube

Copy: Members of the European Commission