

## **REACH** simplification

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#### NEW POLITICAL & ECONOMICAL REALITY

Our industry was one of the first to support the EU Green Deal.

We have the ambition to go climate neutral by 2050.

In just 30 years, our industry will have to change not only how we produce but also what we produce



### The European Chemical Industry at a breaking point...

#### Overview of competitiveness factors by region

#### Overview of competitiveness factors

#### Price/Cost Competitiveness Factors (PCF)



Production costs that have a direct impact on the ability to compete at a given price

- Energy & Feedstocks: availability and cost of energy, raw material costs
- Environmental & Regulatory Costs: costs of implementing regulations (incl. environmental)
- Cabour Costs: labour costs & productivity
- 4 Logistics Costs: transport and infrastructure
- Capital Costs: cost of capital, access to capital, type and amount of investment
- Subsidies & Taxes: fiscal policies, fiscal support for technological de-risking, other subsidies

#### Non-Price Competitiveness Factors (NPCF)



Ability to compete independently of price, thanks to long-term qualitative differentiation

- Innovation: share and amount of R&D, R&D spent in terms of added value, share and amount of patents
- Human Capital: existing labour force, level of training and industry specific knowledge clusters
- Supply/Demand Ecosystem: critical ecosystem size, integrity of long value chain, security of supply
- Industrial & Trade Policies: certainty, simplicity, coherence & proportionality

#### Summary simplified overview

		*1	GULF STATES		**************************************	
	++	+	++	-	-	-
-	Neutral	+	++	Neutral	Neutral	++
-		+	+	-	Neutral	++
++	+	++	+	+	+	Neutral
+	++	+	+	Neutral	Neutral	-
-	++	++	++	-	Neutral	Neutral
++	++	+	-	++	++	Neutral
++	++	+		++	++	Neutral
+	++	++	-	Neutral	Neutral	Neutral
-	+	+	+	Neutral	Neutral	Neutral

Positive impact



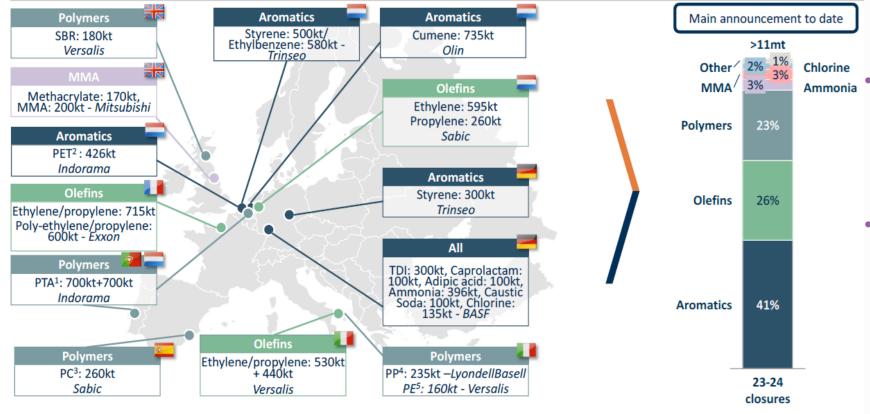
Negative impo



# Closure announcements of more than 11 million ton production capacity in Europe in last 2 years

#### Main European capacity closure announcements

kt, mt, %, 2023-2024, up to October 2024, non-exhaustive list



- Clear break in trend: this is more than 10 times higher than the historical variation
- Belgium has long been largely spared compared to neighboring countries, but no longer escapes this trend
- Some recent announcements from last months:
  - TotalEnergies closes the oldest of 2steam crackers at its Antwerp site by 2027(ethylene)
  - Yara shuts down ammonia production

Sources: Companies website, S&P, Chemical Week, Advancy

# From Antwerp Declaration to Clean Industrial Deal





Antwerp Declaration 20/02/2024 - BASF - Antwerpen

- Letta-rapport 'Single Market' (april 2024)
- EU strategische agenda 2024-2029 (juni 2024)
- Draghi-rapport
   'Competitiveness'
   (september 2024)



Clean Industrial Deal 26/02/2025 - Handelsbeurs - Antwerpen





# The Antwerp Declaration for a European Industrial Deal

Our Declaration calls to Member State Governments, the next European Commission and Parliament to:

01

Put the Industrial Deal at the core of the new European Strategic Agenda for 2024-2029.

02

Include a strong public funding chapter with a Clean Tech Deployment Fund

03

Make Europe a globally competitive provider of energy.

04

Focus on the infrastructure Europe needs.

05

Increase the EU's raw materials security

06

Boost demand for net zero, low carbon and circular products.

07

Leverage, enforce, revive and improve the Single Market

80

Make the innovation framework smarter

09

A new spirit of law-making.

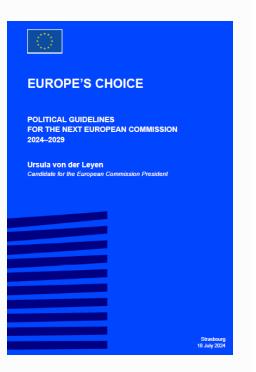
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Ensure the structure allows to achieve result

### Chemicals industry package - simplify REACH







#### A more circular and resilient economy

Working to decarbonise our economy will be part of our continued shift to a more sustainable pattern of production and consumption, retaining the value of resources in our economy for longer.

This will be the purpose of a new Circular Economy Act, helping to create market demand for secondary materials and a single market for waste, notably in relation to critical raw materials.

We will put forward a new chemicals industry package, aiming to simplify REACH and provide clarity on "forever chemicals", or PFAS.



"the revision of the REACH Regulation will cover the existing acquis and new initiatives on chemicals, bringing a **real simplification** on the ground and ensuring faster decisionmaking on important hazards, as well as sustainability, competitiveness, security and safety."

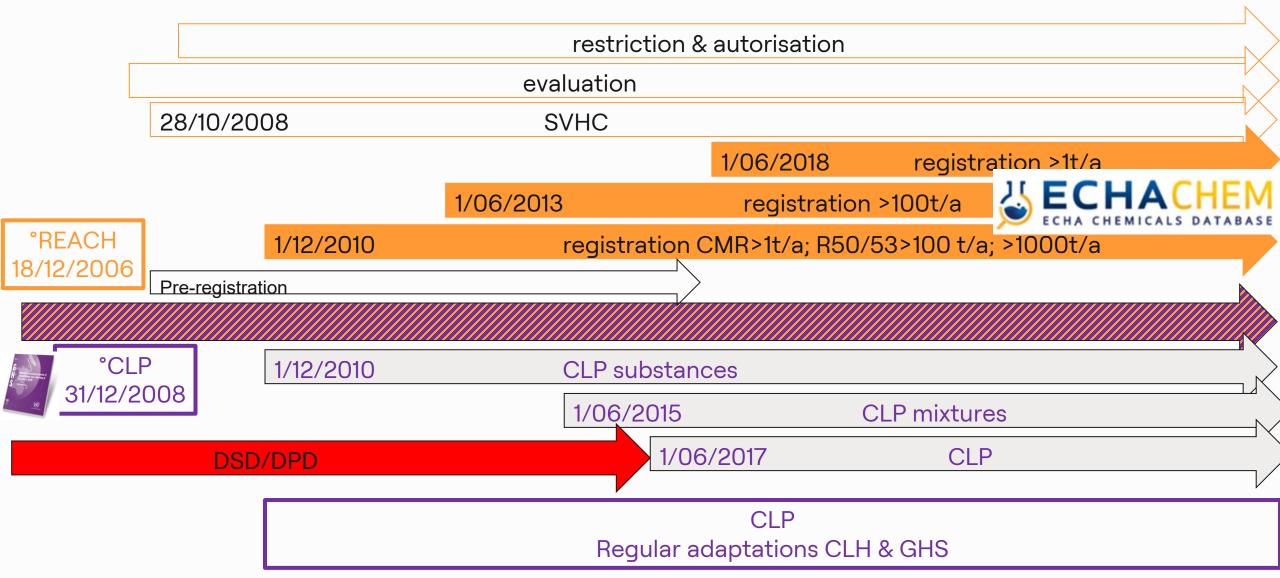


## EU COM president political guideline

- Making Europe simpler and faster' a political ambition steering the chemicals industry package?
- The Commission president's political guidelines call for making business easier and faster in Europe by:
  - Reducing administrative and reporting requirements (target reduction: 25% and 35% for SMEs);
  - 2. Ensuring new legislative proposals are simpler and more targeted;
  - Running a Stress Test of the EU acquis: the exercise that each
    Directorate-General will go through to 'stress test' their legislation with
    the aim to find aspects to simplify, reduce overlaps and remove
    incoherences

#### Many realisations and changes in 20 years ...







#### 10 ACTIONS FOR REACH SIMPLIFICATION

#### Cefic 10-point action plan to simplify REACH

Actions on REACH must bring genuine simplification, reduce administrative burden, increase predictability, support investment and innovation 1



## Obtain a more predictable, science & evidence based framework for regulating chemicals

- 2 Increase predictability for regulatory risk managements
- 3 Improve authorisation and restriction
- 4 Avoid overly simplistic assessments



## Avoid adding on excessive burden for industry

- Have a problem definition for polymers before initiating any action
- 6 Use existing legal mechanism to address combined exposure rather than MAF



### Make data requirements more meaningful & less burdensome

- 7 Dialogue with ECHA during evaluation processes
- 8 Introduce NAMs where possible
- 9 Smoothen the registration process



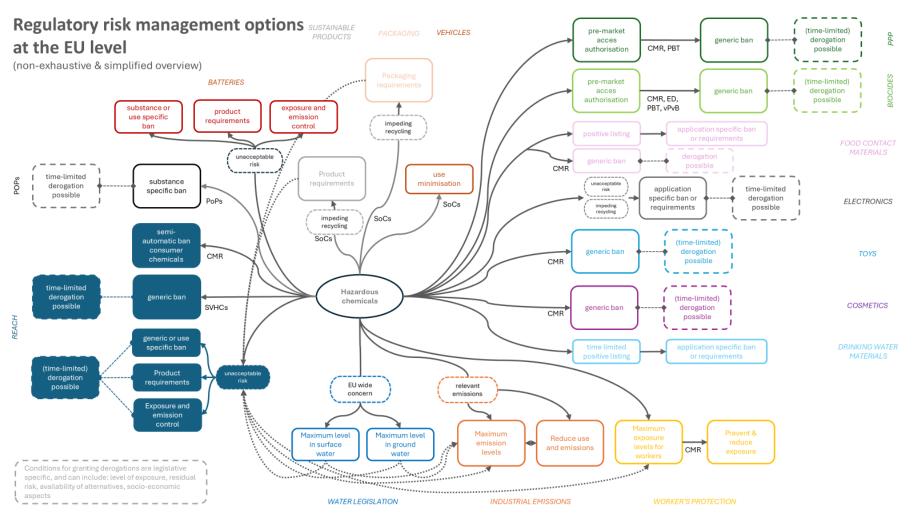
### Ensure rules on chemicals are enforced & enforceable

Level the playing field between EU & non-EU players



# Action 2: increase predictability for regulatory risk management

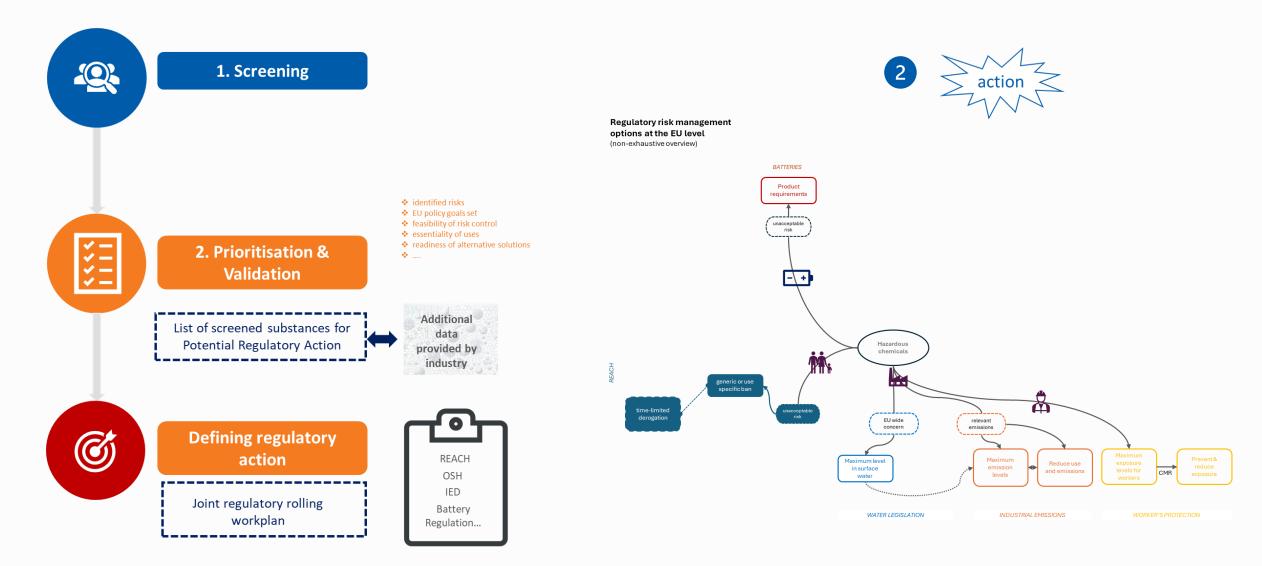




- Current system too complex & not transparent
- Multiple authorities involved
- data to base decision on?
- Stakeholder involvement?
- Put one substance, one assessment into practice

### increase predictability for regulatory risk management





#### Advantages of the central upfront analysis of data





Clear identification of
"problematic uses of substances" and
appropriate regulatory tools to control
identified risks



Enable authorities to prioritise resources where it matters the most



More clarity for industry, enabling smarter investment and prioritisation of resources for substitution



Enhance the Single Market by predictable, harmonised and coordinated actions in line with One Substance One Assessment (OSOA)

#### Modernise data requirements & processes



#### Introduction to New Approach Methodologies (NAMs)

Any technology, methodology, approach or combination that can be used to provide information on chemical hazard and safety assessment to avoid the use of animal testing.

Driven by societal needs and consumer requests, the transition towards new approach methodologies for assessing the safety of chemicals have the potential to:

- Replace the paradigm where animal studies are the "gold standard"
- Value huge amounts of existing data
- Provide human-relevant, exposure-led and fit-for-purpose information on chemicals
- Ensure return on investments made in developing NAMs
- Drive and allow innovation for societal benefit
- Set long-term target on zero animal testing for chemical safety assessment

NAMs and integrated assessment to testing approaches (IATA) are reflective of 21st century science and already form the basis for assessing pharmaceutical products, cosmetics, food, transport and energy systems. They are applied in tiered, flexible regulatory framework without sacrificing the robustness of the decisions made.

Take "animal as last resort" principle to the next stage, thanks to advances in Sciences

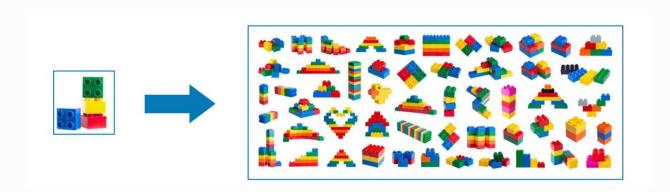






- Polymers are complex compounds substantially different from small molecules
- number of polymers in the EU Market is substantial
  - estimated to be between 200,000 to 400,000
- Legislation in place for polymers
  - REACH registration for monomers & additives
  - REACH restriction & authorization
    - o Eg microplastics
  - CLP hazard identification & communication
  - SDS
  - Single Use Plastics Directive (SUPD)
  - Packaging and Packaging Waste Regulation (PPWR)
  - Food contact materials (FCM) ...

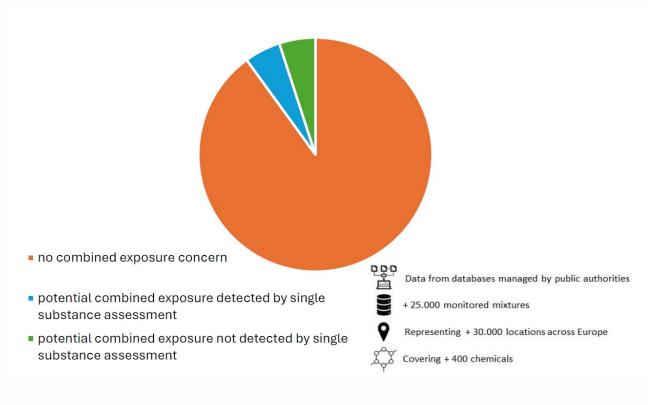
- No copy/paste possible from current substance registration to polymers
  - OSOR: sameness polymers?
  - Data requirements: high molar mass & often limited solubility
- Clear problem definition needed first



#### No introduction of a Mixture allocation Factor (MAF)



- Generic MAF as additional safety margin for all substances would impose significant administrative burden without effectively addressing the unintended combined exposures
- Majority of combined exposures no concern
- Concern driven by small number of compounds
- Need more research
- Use more targeted existing legislation



comprehensive research <u>study</u> in this field, commissioned by Cefic and conducted by Arche Consulting, included a detailed review of monitored mixtures of chemicals in surface waters

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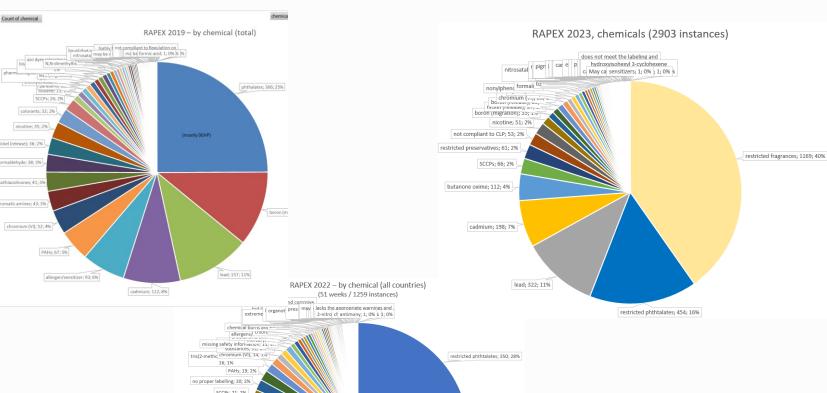
Level the playing field between EU & non-EU players





#### ENFORCEABLE AND ENFORCED LEGISLATION

# More enforcement on imported articles needed to protect consumers, environment & circular economy



cadmium; 125; 10%

boron (migration); 45; 4%

nickel (release): 49: 4%

skin sensitisers; 58; 5%

restricted fragrances: 92: 7%

lead: 105: 8%

- Legislation must be enforceable
  - Unambiguously identified substances
  - Analytical measurement methods available
- legislation must be enforced
  - Also for online sales!
- Need for EU coordinated action
   & help
  - Labs, methods, sampling ...

Cefic analysis based on RAPEX 2019 & 2022 & 2023

- chemicals non compliance: phthalates more or less stable of the years
- Non compliance: origin large majority from outside EU



### **C**ONCLUSION



## Simplifying REACH regulation & maintaining high standards of protection for human health and the environment



More predictable, science & evidence based framework for regulating chemicals



Avoid adding unnecessary burden for industry



Modernise data requirements & processes



Ensure rules on chemicals are enforced & enforceable



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