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**Chemical Industry Opinion
on European Commission Communication on Chemical Strategy for Sustainability
(COM (2020) 66)**

The proposal as communicated by the Commission, offers an opportunity for European and Member State authorities concerned with climate change, circular economy, innovation, trade and the promotion of digitalization to work more closely with the chemical industry to achieve the objectives of the European Green Deal, to accelerate COVID-19 green recovery and strengthening the EU's strategic value chains. **Our industry agrees with the objectives set out in the proposal, their implementation can contribute to the economic development of the EU-27, the green recovery after COVID-19 and the strengthening of the EU's strategic value chains.**

It is important that the priorities include innovation for the production of safe and sustainable chemicals in the EU, which would be stimulated by increased funding for tenders. They are also responding to the greening and digitization of chemical production by expanding resources. They are aimed at strengthening the EU's open strategic autonomy - by reducing dependence on resources for strategically important materials through diversification. They envisage a stronger EU legal framework to address environmental and health issues, the strengthening of the protection of consumers, vulnerable groups and workers against the most harmful chemicals. The legal framework is to be simplified and consolidated, creating coherence in each regulation along the principle of one substance, one evaluation. Market surveillance structures will be strengthened and there will be zero tolerance for non-compliance. The creation of a comprehensive knowledge base on chemicals is also foreseen, ensuring better access to data within the EU. The EU is pushing for the adoption of its own high standards of security and sustainability outside the EU, through international fora and multilateral agreements.

In this context, the proposal also raises a number of issues at a strategic level:

- it lacks a definition of what is meant by sustainable chemicals, which has been set as a post-adoption task,
- a list of chemicals of strategic importance, which could set clear targets for the growing number of chemicals, is also lacking and will be defined at a later stage,
- therefore, and because of the substantive elements of the proposal, the strategy can be seen as a list of actions rather than a fabric of coordinated measures to achieve the declared

objectives; the planned regulatory measures outweigh the measures to encourage technological development in terms of number and elaboration.

The priority theme of the strategy is the protection of health and the environment against hazardous chemicals and related proposals for further regulation. The EU has had one of the most comprehensive regulatory frameworks for chemicals in place for more than 10 years, supported by the world's most advanced knowledge base. Nevertheless, the strategy contains an extensive list of proposed changes to EU chemicals legislation. These are concrete proposals with specific submission deadlines that represent significant changes to the basic rules for handling chemicals, such as the REACH and CLP regulations, as well as other legal requirements.

1. Opening the REACH Regulation for revision:

The REACH Regulation is an extremely complex document that is linked to many other pieces of legislation and their provisions. We believe that it is not necessary to open the entire legislative text for revision, only those parts of it on which the Commission has proposed specific measures.

2. Registration of polymers:

In the case of polymers, the legal rules in force do not require registration, the related studies do not need to be performed. Should the registration of polymers be introduced, several approaches could be applied in our opinion, although the details of such a project are not known yet:

- Registration is approached as a substance (e.g. registration would only be based on the monomer). This would involve relatively less administrative burden, although it remains unclear what the registration would be beyond the current SVHC substance testing, which is still part of the polymer testing practice, if the risk is not the monomer but the additives.
- Registration is approached as a mixture, taking into account the additives added to the polymer. In this case, registration would take place on a product-by-product basis (more than 150 for some of our companies in Hungary), which would be a disproportionate burden both financially and administratively, given that the additives themselves have already been tested independently under other REACH procedures, and they are registered. In addition, if the product contains an SVHC-listed substance, the users must be informed immediately, in accordance with legal requirements.
- In summary, in addition to the monomer components of the polymers, any additives that may be present can be used in the manufacture of the polymer products on the basis of a detailed examination. Therefore, in our opinion, there is no added value in assuming a higher risk of the additive after its incorporation into a product (than it would have in itself), and therefore to have the additive in the polymer product re-examined. Therefore, we are of the view that if a polymer product contains a substance that poses a higher risk than its monomer polymer (substances on the SVHC list, substances in Annexes XIV, XVII of REACH), they should be considered as above 0.1% w / w as hazardous substances per se, i.e. the restriction should be identical.

3. Improving the quality of registration dossiers:

Communication between industry and ECHA is ongoing to improve the quality of registration dossiers. Changing the current read-across standards or expanding the list of required tests would once again trigger a huge wave of testing and fundamentally shake up the current consortium structure. In most cases, the industry has used read-across (in line with the spirit of REACH) to prevent costly animal testing, so changing it would cost the lives of many animals and cost millions of euros.

Information can already be heard that some industry players are planning to relocate their production lines outside the EU, where they produce raw materials for articles, in order to relieve them of the increasing costs of REACH. This also means that jobs may be lost within the EU and the so-called the phenomenon of investment leakage and the decline in the diversification of the EU chemical industry. We support improving the quality of REACH registration dossiers, but within a regulated framework and in cases where additional information is expected. This has so far been identified and properly coordinated by ECHA.

4. Extending the scope of the Industrial Emissions Directive to chemicals:

The revision of the Industrial Emissions Directive (IED) is ongoing. We believe that the extension of the scope of the directive should be based on sound information, including cost-benefit analyzes.

5. Data transmission in the supply chain:

Given the objectives of the circular economy, more and more information on the chemicals in products will have to be provided to supply chain actors in the future. It is important to emphasize that these are commercially sensitive, confidential data, and information sharing can only take place if the information is properly managed.

Overall, the Hungarian Chemical Industry Association supports the declared objective of improving and consolidating the EU chemicals legal framework, as well as the "one substance - one assessment" principle and the transparency in the prioritization of chemicals management measures, thus improving the conditions for long-term investments in our industry. However, we should point out that the numerous new proposals on EU chemicals regulations, once adopted, will place a significant, disproportionate burden on the chemical industry in a situation where the chemical industry needs to be strengthened as a provider of green innovative solutions.

We welcome the Commission's intention to support research and development in advanced materials and low-carbon chemical and substance production processes, not only through financial means, but also through the launch and implementation of research and innovation programs. Greater investment in increasing the innovation capacity of the chemical industry to ensure safe and sustainable chemicals and new production processes

and technologies is essential for green and digital transformation and for meeting the objectives of the Green Deal.

The strategy contains a large number of proposals, and it is not clear how each proposal relates to each other, how it contributes to achieving the objectives of the European Green Deal and how it will be implemented. The strategy does not take into account the related geopolitical context, such as, for example, Brexit. It is important to define a number of new concepts, such as “safe and sustainable use of planned chemicals, basic applications in society, strategic value chains” and much more. **We therefore consider it necessary to have a clear definition of these concepts, and we support the development of in-depth analyzes (impact assessment studies) of each proposal and the integration of all of them.**

We also attach importance to the Commission's high-level roundtables with industry, including SMEs, academia and civil society, in dialogue with relevant stakeholders to achieve the objectives of the strategy. The roundtables as well as government/industry discussions should **focus primarily on how to make chemicals legislation more efficient and effective, and how to support the development and deployment of innovative, safe and sustainable chemicals and technologies across sectors.**

It would be extremely important to strengthen the Commission's action in disseminating EU regulatory standards internationally. Due to the increasing cost burden of the regulatory environment in the EU, manufacturers may relocate some of their production capacity outside the EU. This may lead to jobs lost and to the so-called phenomenon of investment leakage and the decline in the diversification of the chemical industry. Therefore, the prudent introduction of measures and the harmonization of international regulatory practice is of paramount importance.

Budapest, 8 December 2020