

Letter from the UK chemical supply chain and its manufacturing customer base
(for correspondence please contact Steve Elliott, CIA, at ElliottS@cia.org.uk)

To: Rt Hon Thérèse Coffey MP, Secretary of State for Work and Pensions
Rt Hon George Eustice MP, Secretary of State for Environment, Food and Rural Affairs
Rt Hon Michael Gove MP, Chancellor of the Duchy of Lancaster
Rt Hon Kwasi Kwarteng MP, Secretary of State for Business, Energy and Industrial Strategy
Rt Hon Rishi Sunak MP, Chancellor of the Exchequer
Rt Hon Liz Truss MP, Secretary of State for International Trade

Date: 9th February 2021

Dear Secretaries of State,

A proposal for a more proportionate, effective, and efficient UK REACH model

Following the recent Brexit Business Task Force for Chemicals and in advance of the 15th February Government/industry Chemicals EU Exit Group (CEEG) meeting, please find below and attached a proposal for a more proportionate, effective, and efficient UK REACH model.

The chemicals industry supply chain, and many of its key customers from advanced manufacturing sectors such as aerospace, automotive, food and drink and life sciences, remain extremely concerned at the current requirements of UK REACH, the pillar of the new UK chemicals regulations regime post-Brexit. We believe that it fundamentally threatens the competitiveness of UK manufacturing for chemical-based products. In its current form it is an almost identical version of EU REACH, which was designed for a market ten times the size of the UK and took ten years to implement.

If UK REACH proceeds as proposed – with a requirement for the tens of thousands of substances in the EU REACH database to be re-registered with full data dossiers in the new UK REACH database – the estimated cost to industry of data acquisition, registration fees, and associated administration stands at around £1 billion, which could be much better spent on investment and innovation than duplicating data. Perversely, this cost to industry for compliance for one jurisdiction will be double the £500 million UK companies have already spent over the past decade in complying with EU REACH and its, now, 27 markets – reflecting the disproportionate costs faced not only by the chemical supply chain but also key customers across the UK.

There is also the real risk UK REACH as currently legislated for will lead to potential additional and repetitive animal testing. Moreover, the added cost and red-tape will mean many lower quantity substances simply being deemed uneconomic to register in the UK. The net result of this will be UK manufacturers not having access to the full range of raw materials that will be available to their EU counterparts, and a database bringing little value to regulating chemicals in the UK.

All in all, this will hit UK industry hard across a range of manufacturing sectors, reduce the competitiveness of UK manufacturing, and lead to a loss of inward investment, as companies look outside the UK for their manufacturing hubs for Europe. Its impact on jobs will be felt particularly in the north and midlands where most of the chemicals industry and reliant manufacturing sector is based, hindering industry's ability to support Government's levelling up and net zero agendas. Ultimately, consumers across the whole country will be impacted by increased prices and / or less choice.

This is not a fixed outcome: it is not a necessary consequence of Brexit but, instead, a consequence of the solution currently pursued by Government. We believe there is still time to rectify the situation and have put together an alternative solution. Our proposal – the detail of which is enclosed with this letter - would:

- Create an independent, sovereign UK REACH, designed with the size and structure of the UK economy and industry in mind, and focussed on substances of concern and future UK priorities.
- Respect the UK:EU agreement including the opportunity for cooperation between the two agencies.
- Maintain high standards of human, animal, and environmental safety.
- Retain the principle of no data-no market underpinning UK REACH, with companies submitting information on the identity of all substances, including classification and other data necessary to enable appropriate risk management measures to be identified and applied.
- Remove the need for the UK regulator and industry to spend up to seven years of staff time and resources re-registering substances in the EU REACH database with full data packages, the vast majority of which will never be looked at.
- This in turn will allow the UK regulators to identify, prioritise and assess, with full data packages, the chemicals deemed of most concern to the UK in a more effective, timely and efficient manner.
- Reduce the need for additional animal testing.
- Reduce red-tape and thus meet the objective of the four UK administrations in ensuring regulatory burdens on businesses are kept to a minimum as stated in the proposed Common Framework for Chemicals and Pesticides.
- Mitigate the estimated £1 billion cost to industry caused by having to populate a separate UK REACH database with full data dossiers, as is currently planned.
- And thereby reduce the resultant risk of substances being deemed uneconomic to register in the UK REACH database and the damage to UK manufacturers that would mean.

We are grateful to Government departments and their respective teams for their constructive and consistent engagement with industry, and the attempt to secure access to EU REACH data through the agreed UK/EU chemicals annex. In the absence of that data, it is important that we work collectively to get the implementation of UK REACH right. We believe this proposal provides a proportionate, safe, and effective alternative for UK REACH and appeal for your support for this solution, submitted on behalf of UK industry.

Yours sincerely,

For and on behalf of the UK chemical supply chain and its manufacturing customer base

cc. Rebecca Pow MP, Minister for Environment
Mims Davies MP, Minister for Employment
Lord Callanan, Parliamentary Under Secretary of State, BEIS
Lord Grimstone of Boscobel Kt, Minister for Investment
Paul Scully MP, Minister for Small Business and Enterprise
Rt Hon Penny Mordaunt, Paymaster General
Rt Hon Greg Hands MP, Minister of State for Trade Policy
Kemi Badenoch, Exchequer Secretary to the Treasury



Paul Everitt
 Paul Everitt
 CEO
 ADS Group



Richard Torbett
 Richard Torbett
 Chief Executive
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Lorna Williams
 Lorna Williams
 Executive Officer and
 General Secretary
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 Association



P. Heskins
 Patrick Heskins
 Chief Executive
 British Aerosol
 Manufacturers Association



John Reid
 John Reid
 Secretary
 British Associations for
 Chemical Specialities



Tom Bowtell
 Tom Bowtell
 Chief Executive
 British Coatings Federation



Ellen Daniels
 Ellen Daniels
 Chief Executive
 British Compressed Gases
 Association



Philip Law
 Philip Law
 Director General
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 Secretary and Director
 British Rubber &
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David Talbot
 David Talbot
 CEO
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Peter Newport
 Peter Newport
 Chief Executive
 Chemical Business
 Association



Steve Elliott
 Steve Elliott
 Chief Executive
 Chemical Industries
 Association




 Ian Cranshaw
 Operations Manager
 Chemicals Northwest





Peter Caplehorn
 Chief Executive
 Construction Products
 Association



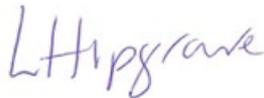

 Emma Pinchbeck
 CEO
 Energy UK





Ian Wright
 Chief Executive
 Food and Drink Federation




 Lisa Hipgrave
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Stephen Phipson
 CEO
 MakeUK




 Philip Aldridge
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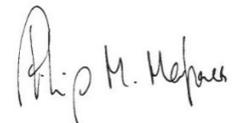


Michael Hawes
 Chief Executive
 The Society of Motor
 Manufacturers and Traders




 Peter Davidson
 Executive Director
 Tank Storage Association





Philip Malpass
 Director General
 UK Cleaning Products
 Industry Association



A handwritten signature in black ink, appearing to read "G. Stace".

Gareth Stace
Director General
UK Steel



A handwritten signature in black ink, appearing to read "David Wright".

David Wright
Director General
United Kingdom Lubricants
Association



A handwritten signature in black ink, appearing to read "Christine McGourty".

Christine McGourty
CEO
Water UK

UK REACH - the need for a more efficient and proportionate regime

Given the integrated nature of our industry, the chemical supply chain and our customer industries, it is imperative to have a UK chemicals regime (UK REACH) that achieves both the objectives of protecting society and our environment and enables a thriving UK manufacturing economy.

Companies have spent the last decade providing data for access to the EU market, and separation from the EU should not result in costly duplicative requirements for information already in EU REACH registered supply chains. Requiring companies to duplicate registrations is likely to bring nothing more than significant red tape and additional costs to industry in funding the future work of the UK Agency. The recently introduced phased approach for registration while supporting businesses in managing the future registration process falls short of addressing the underlying issues companies are facing in complying with UK REACH. This paper improves upon the existing UK REACH regime by allowing the UK authorities to prioritise and assess chemicals in a more effective and efficient manner. It also meets the objective of the four UK administrations in ensuring regulatory burdens on businesses are kept to a minimum as stated in the proposed Common Framework for Chemicals and Pesticides.

Summary

- **We continue to urge the UK government to acknowledge the significant level of work and expense already undertaken by businesses with respect to EU-REACH to ensure safe use by allowing those companies who deal in EU REACH registered supply-chains, to continue to do so without having to duplicate all the existing registrations in the UK.**
- **Together with publicly available information from EU REACH and the UK REACH notification process, the UK authorities would be available to prioritise chemicals needing further assessment. This prioritisation approach would still allow the UK authority to require full data set dossiers for substances the UK authorities determine to be of concern. Moreover, it would enable the UK to independently regulate chemicals in the UK, maintain a high level of human health and environment protection, whilst making a more efficient and future-focussed use of the UK Agency resources. The current provisions in UK:EU Trade & Cooperation Agreement (Chemicals Annex) could also support achieving this objective.**
- **This approach would help mitigate the cost industry is facing to populate a separate less comprehensive UK REACH database (this being estimated to be up to £1 billion in addition to the £500 million already invested in EU REACH compliance) as well as minimising animal testing. While maintaining the principle of no data-no market enshrined in UK REACH, the UK chemical supply chain and downstream-user sectors can continue to source from a wide supplier market.**

Our proposal

Instead of duplicating existing registrations, the following approach should be considered:

- UK manufacturers, importers including formulators and only representatives would notify EU-REACH registered chemical substances to the UK authority. The notification scheme under UK REACH requires companies to identify themselves, submit information on the identity of the substance, its classification, and relevant information necessary to enable appropriate risk management measures to be identified and applied. This information together with publicly available information already submitted under EU REACH would enable UK authorities to prioritise and regulate chemicals under UK REACH¹.

¹ [OECD guidance on International Best Practices for Identification of Priorities within Chemicals Management Systems](#)

- For those chemical substances prioritised by the UK authorities, it would still be able to regulate these by asking duty holders and for the full data set. An approach focussed on current and future concerns would enable the UK to be more responsive than before on matters of UK interest, rather than being overburdened with the re-registration of substances many of which may not require assessment over the coming years.
- Importantly, a UK scheme that prioritises evaluation (based on 'publicly available' data, e.g., eChem portal / internationally published assessments and known exposure information plus screening QSAR etc), could in part solve the 'information sharing' issue for chemical substances that the UK wants to look at more closely, without everyone having to unnecessarily resubmit data for every single substance. Meanwhile the UK would have full awareness of all substances on the UK market.
- Substances entering the UK market that are not already registered under EU-REACH by the supply chain or downstream users before the 31st of December 2020 would require the set of data that is required by UK REACH in line with the no data - no market principle.
- It is encouraging that the UK:EU Trade & Cooperation Agreement contains a sectoral chemicals annex with a commitment to facilitate the exchange of non-confidential information between the UK and the EU (Article 7). This could prove beneficial in supporting future prioritisation work in the UK, and in return the UK could share its prioritisation process, risk assessments, screening and best practices with ECHA. It is essential that going forward, the UK and the EU continue to engage on a mutually beneficial basis.

While of course further detailed considerations will be required to implement these suggestions and address any practical challenges that may arise, we believe the proposed approach would enable the UK to maintain and build on this existing progress in meeting the REACH objectives and allow the UK to progress the development of its future Chemicals Strategy. At the same time, it could help to mitigate the impact of the absence of a data sharing agreement with the EU, not only on supply chain disruption, but also the high cost to industry. Importantly, the already high-level of animal welfare, human health and environmental protection would be maintained.

* * *

Why do we need a more efficient UK REACH regime?

Under EU REACH, businesses across Europe were and are working collaboratively to collate, review, and communicate information on chemical substances in their respective supply chains for ensuring their safe use. Prior to leaving the EU over 10,000 REACH registrations had been submitted by the UK, making UK companies the second highest contributor of the EU block.

Placing substances on both the UK and EU markets now means there are duplicative requirements for businesses – significant due to the close trade relationship - thereby directly affecting future viability of products in the UK considering its smaller market size (around 12%) compared to the EU. The situation becomes even more complex for the UK's downstream user industries and their supply chain. They import many more chemicals in the form of mixtures, with each company having to generate or obtain access to data to potentially register every imported chemical at 1 tonne or more per year with an associated cost. Previously they have had no registration obligations, making the task extremely challenging for both industry and the UK regulator.

Moreover, the UK Agency fees have been copied and pasted from the EU, without considering the difference in market size. The newly suggested phased approach for registration - while supporting

businesses in managing the future registration process for substances eligible to the UK transitional arrangements – falls far short of addressing the underlying data access and acquisition cost issues companies are facing in complying with UK REACH. Implementing the regime as it currently stands will set back regulating chemicals in the UK by a decade, increasing costs and barriers to trade, reducing substance choice and leading to potential additional, repetitive animal testing being needed.

It is important that we work collectively to get the implementation of UK REACH right in achieving effective regulation with the right regulatory balance supporting businesses, protecting workers, consumers, and the environment as well as it being essential for a successful economy. Chemicals are the building block to everyday life, fundamental to basic needs such as clean water, sufficient food, energy and effective medicines. The chemical industry is, rightly, a highly regulated sector, helping to give confidence to our workforce, local communities, consumers, and society at large. Foundation industries like ours underpin modern manufacturing and trading in a global market therefore needs growth sensitive and reliable policy/regulatory measures to compete.

9 February 2021