



### *Zero pollution ambition of the European Green Deal*

## VCI position on Chemicals Strategy for Sustainability

### Background

On 14 October 2020, the EU Commission published its "[Chemicals Strategy for Sustainability – Towards a Toxic-Free Environment](#)". This strategy is part of the Green Deal whose primary goal is to bring about climate neutrality for Europe by 2050.

The implementation of the chemicals strategy with over 50 measures will have far-reaching consequences for the chemical industry and the users of chemical products.

- It is planned to amend and tighten the REACH Regulation, the CLP Regulation and numerous other provisions. These include far-reaching new data requirements, use restrictions and comprehensive regulation of groups of substances with certain properties, as well as the incorporation of new hazard classes in the CLP Regulation.
- Further rules on products (e.g. cosmetics, detergents, food contact materials) and on environmental protection and occupational health and safety are also affected.
- Overall, the whole chemicals legislation is to be given a much more hazard-based orientation.

Thus, in addition to the current economic crisis caused by COVID-19, the chemical industry and the users of its products are facing uncertain and difficult times.

### VCI's position on the new EU Chemicals Strategy

The VCI supports the Green Deal's goal to achieve climate neutrality by 2050 and the approach to make the economy, society and politics in Europe more sustainable. With innovative solutions and processes, the chemical and pharmaceutical industry can and wants to actively contribute to achieving the ambitious goals – such as medical progress, digitalisation, climate protection or electromobility.

Only a strong chemical industry can ensure the path to climate neutrality and resilience of the European Union against future crises that are unforeseeable today.

### Stability and planning reliability needed

- The European Commission has acknowledged in its communication on the new chemicals strategy that the EU's existing legislation on chemical substances and products recognizably ranks among the most comprehensive and protective regulatory frameworks for chemicals, supported by the most advanced knowledge base globally. There is an efficiently functioning internal market and a predictable legislative framework for companies to operate in. In addition, the EU

Commissions's [REACH Review](#) concluded that the REACH Regulation works and that the intended protection goals can be achieved.

- What has been achieved must not be jeopardized by now opening many proven legislations in lengthy legislative processes with uncertain outcomes. This also applies to the valuable experience gained from the many years of joint learning processes of authorities and industry when implementing current legislation.
- In principle, the primary objective of the Chemicals Strategy – i.e., to protect humans and the environment and to promote safe and sustainable chemicals – can already be achieved within the existing legislative framework. In recent years, sustainability criteria have gained enormous importance in customer requests and in portfolios and assessments of companies. These criteria are also taken into account in supply chains.
- Stability and reliable planning are now necessary to overcome the crisis and to safeguard strategic products and processes in Europe. The discussion about changes in legislation would lead to paralysing uncertainty and could slow down the handling of the current crisis in the economy for many years.
- The resulting planning uncertainty would also counteract efforts to bring back essential productions, such as medicines and medical devices, to Europe. In investment decisions, business locations are in global competition. A stable and efficient regulatory framework as well as reliable planning are major location advantages in this competition.

### **Criteria for safe and sustainable chemicals must include all dimensions of sustainability**

- For further improvements, a holistic approach is needed that takes into account the entire life cycle and all dimensions of sustainability: ecological, social, and economic. The chemical and pharmaceutical industry wants to contribute its know-how to the definition of suitable criteria for safe and sustainable chemicals. It should be borne in mind that sustainability is not an inherent property of a substance and that criteria for sustainable chemicals must therefore not be reduced to such parameters.
- The chemical industry can support the goal of a toxic-free environment if this means that, by ensuring safe use, chemicals do not harm health and do not cause harmful burdens on our environment.
- Therefore, the well-proven concept of risk assessment must be maintained for all substances. We are highly critical of the primarily hazard-based approach proposed in the Chemicals Strategy, which the Commission calls the "generic approach to risk management" and which provides for a general ban of certain substances without risk assessment and public consultation.

### **No sustainability and no innovation without hazardous substances**

- Innovation, production of sustainable products and value creation must continue to take place in Europe, 1.2 million jobs must remain in the EU. If possible, important

productions should return to Europe. This is not possible without substances classified as hazardous. One example: Alcohol, used incorrectly, poses a health risk. All the same, it is indispensable for killing microorganisms and viruses as a disinfectant and can be safely used for this purpose.

- Sustainability and hazardous substances are not mutually exclusive. Especially the functionality or reactivity of chemical substances required for certain uses and processes is often inseparably linked to the hazardous property. Thus, it is important to strengthen the safe and sustainable use of classified substances and as well to identify and eliminate specific, unacceptable risks.

### **Constructive dialogue and impact assessment needed**

- From VCI's viewpoint, the high-level roundtable with all stakeholders announced in the Chemicals Strategy is now particularly important. A constructive and open-ended dialogue is urgently needed before making concrete proposals for amending existing legislation.
- Moreover, comprehensive impact assessments beyond planned legislative steps are necessary for all measures under the Chemicals Strategy.

## **Comments on individual aspects of the Chemicals Strategy**

### **Keep the risk-based approach**

The action plan of the Chemicals Strategy and the preliminary definition of sustainable chemicals are strongly characterised by a desire for a precautionary and hazard-based regulation. This is associated with extensive new data requirements and would be a turn away from the proven risk-based approach, which also takes exposure into account. Hence, entire groups of substances (or substance uses) would be banned from the market in whole or in part (especially in consumer products), irrespective of the real risk and in some cases even without hazardous intrinsic properties. This concerns:

- Restrictions on consumer products analogous to those for CMR substances in a fast-track procedure (without risk assessment and public consultation) for groups of substances with further toxic and ecotoxicological properties (e.g. endocrine disruptors, PBT properties). Only so-called essential uses (yet to be defined) or uses that are indispensable for society are to remain permitted. The same is foreseen to apply to their uses in profession and crafts.
- Additional SVHC criteria under REACH, inter alia for persistent and mobile substances.
- New REACH data requirements on specific (eco-)toxicological endpoints, identification of endocrine disruptors and all carcinogenic substances irrespective of the tonnage band; registration of certain polymers; chemical safety reports also in

the tonnage band from 1 to 10 tonnes per year; information on the ecological footprint of chemicals.

- Examination of options to introduce an assessment factor for possible (unintended) combination effects of different chemicals, which would make reassessments necessary and can lead to restrictions of uses irrespective of the real risk.
- New CLP hazard classes for endocrine disruptor properties, PBT/vPvB substances and persistent and mobile substances and their uses in all pieces of legislation. The former only describe a mode of action; the other parameters can provide information on the fate of a substance in the environment – but none of them are hazard characteristics. It is particularly important that the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is not called into question unilaterally by the EU by introducing additional requirements that are not globally harmonized.

This would significantly reduce the variety of chemicals with their different functionalities, which are needed for innovations, Green Deal solutions and other societal challenges. At the same time, costs and efforts of companies to meet regulatory requirements would massively increase.

Only a comprehensive impact assessment can show how far-reaching the effects of the strategy would be for affected companies, society, and Green Deal goals and where innovations could compensate for such effects.

### **Improve implementation of chemicals legislation**

From the VCI's viewpoint, further planned measures of the chemicals strategy concern aspects that need improvement:

- Reform of the REACH authorisation and restriction procedure: A transparent procedure must be established to ensure that the best and most efficient risk management option can be chosen. It is also important that the companies concerned are closely involved in all steps of the procedure and that appropriate consultations are provided for.
- Better controls on imports and Internet sales and a zero-tolerance approach to non-compliance: This is to ensure a level playing field in competition. However, this must not impair the movement of goods and should differentiate between intentional violations and errors.
- The "one substance - one assessment" approach to better coordinate the assessment work of the European agencies and, if necessary, to adjust the assignment of tasks: This could help to reduce duplication of work and inconsistencies but must take into account the diversity of chemical uses. Given this manifold uses and the various possibilities of exposure, this is a major challenge from the VCI's perspective. It is essential to involve industry in this point. Property rights and confidential business information must be respected in the planned data platform.

## Design definitions and criteria in an appropriate and practicable way

Important definitions and measures, such as "safe and sustainable chemicals" or "essential uses", are to be shaped in the course of the implementation of the Chemicals Strategy – while they strongly influence the Strategy's impact on the chemical and pharmaceutical industry.

- The definition of uses essential for society must neither replace risk assessments nor lead to a dirigiste planned economy.
- Criteria for safe and sustainable chemicals should consider the whole life cycle and all dimensions of sustainability: environmental, social, and economic.

## Promote research and strengthen the EU's autonomy

The VCI supports the strategy elements for promoting research and Europe as a business location.

- Research promotion and financial support are to initiate or speed up the development and dissemination of safe and sustainable substances and materials as well as digital innovations (faster testing and evaluation, fewer animal experiments).
- In the light of the experiences from the COVID-19 crisis, the EU's strategic autonomy in essential chemicals should be strengthened by driving forward research and development, to reduce the EU's dependence. However, the action plan does not address other important location factors.

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- The VCI is registered in the “public list on the registration of associations and their representatives” of German Parliament (Deutscher Bundestag).

*The VCI represents the politico-economic interests of more than 1,700 German chemical companies and German subsidiaries of foreign businesses. For this purpose, the VCI is in contact with politicians, public authorities, other industries, science and media. In 2019 the German chemical industry realised sales of over 198 billion euros and employed around 464,000 staff.*