

# ECONOMIC ANALYSIS OF THE IMPACTS OF THE EU CHEMICALS STRATEGY FOR SUSTAINABILITY (CSS): SUMMARY OF FINDINGS

In 2021 Cefic commissioned Ricardo Energy&Environment to look into the business impacts of several measures proposed under the Chemicals Strategy for Sustainability.

The Phase I of the study focused on the addition of hazards to the CLP Regulation (EC) No. 1272/2009 and Extension of the Generic Risk Approach (GRA). The Phase I report can be found [here](#).

Ricardo Energy&Environment also looked at the impact of the [Mixture Assessment Factor](#) (MAF) based on several case studies from the industry.

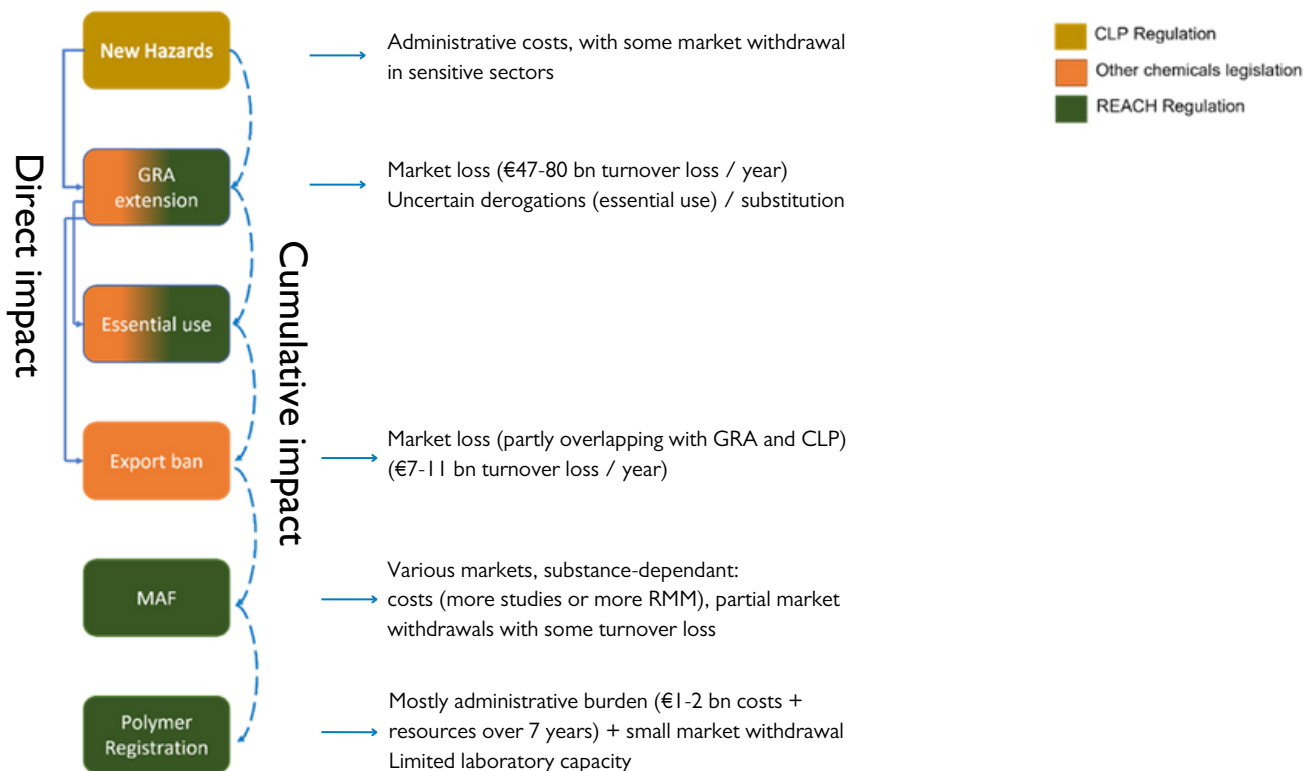
Phase II of the study looked into the business impacts of:

- Ban on exports subject to the generic risk approach, REACH restriction or authorisation
- Requirements for Polymer Registration
- Qualitative assessment of the essential use derogation in the context of the REACH microplastics restriction

The full text of the study can be found [here](#). The study was performed prior to the Commission's impact assessment and policy options used are based on the understanding of regulatory changes at the time of writing and existing uncertainties. Overall, the findings of the Phase I and Phase II and case studies on MAF conclude that:



While it is not possible to sum up all business impacts for the sector as various companies may be affected in a different way, there will be a cumulative impact for the chemical industry.

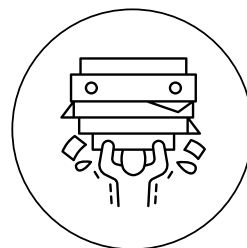


# SUMMARY OF THE PHASE II STUDY

## 1

### Polymer registration requirements

**Key conclusion:** The registration under REACH of a group of polymers (PRRs) will lead from significant to very significant increases in regulatory burden for companies:

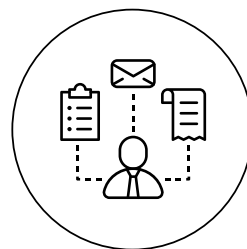


- Around 150 000 polymers were reported by the 67 companies surveyed. From these, around 83 000 will be polymers requiring registration (PRRs). This figure does not include figures from Downstream Users and previous decision flowcharts to identify PRRs
- Costs = regulatory burden
- Minor market withdrawal for non-profitable products, with the knock-on effects in the supply chains.
- More than 90% of the 67 companies surveyed expect that polymer registration will affect their competitiveness negatively or very negatively.
- Any subsequent impact (e.g. CLP and GRA applying to polymers) has not been considered in the present exercise.
- Polymer registration is a complex issue and remains the subject of continued discussion and refinement. This adds to the level of uncertainty the results of this analysis present.
- The analysis assumes that laboratory test capacity is sufficient to fulfil all the standard information requirements for the registration of polymers.
- However, delays are to be expected due to the lack of laboratory capacity, as noted by the 11 research testing facilities that replied to the survey.
- Due to the complexity of polymers, the registration of PRRs is expected to be significantly more complex than for non-polymer substances.
- A phased approach (as done for non-polymer substances) would help mitigate the impact for companies, as well as support mechanisms (financial, regulatory, time).

## 2

### Qualitative assessment of the essential use derogation in the context of the REACH microplastics restriction

**Key conclusion:** an essential use derogation process can result in faster decision-making process and higher predictability (for clearly non-essential uses), IF criteria are clearly defined and depending on how a stepwise procedure is implemented



- Information burden re-distributed with more burden on industry, but overall equivalent
- Regulatory outcome: [using the example of the microplastics restriction, many derogations would be lost if only 'essential use' is allowed](#)
- Analysis of alternatives will remain a burden because it is always specific
- Group restrictions will increase complexity of analysing essentiality and alternatives

# 3

## Business impacts of a ban on exports subject to the GRA, REACH Restriction or Authorisation



**Key conclusion:** Incremental annualised losses in turnover for the sector (partly offset by substitution, similarly to GRA).

- Cumulative impact for companies who both place on the EU market and export products subject to GRA.
  - Impact largely depends on the size of exports.
  - >60% of companies surveyed (47 companies) expect that the introduction of the exports ban would affect their competitiveness negatively or very negatively.
- Manufacturers outside the EU are expected to increase their production to close the gaps in supply caused by a reduction in exports from the EU.
- Non-EU countries are not subject to the regulatory rules of the EU in their own jurisdiction and so an export ban may not push third countries to buy reformulated products from the EU, when they may be able to purchase cheaper alternative products from non-EU suppliers.
- [While the survey assumes exports constitute 18% of the EU chemical output \(2019 data\), this proportion changed significantly in Q4 2022 as a result of changes to the economic and energy landscape. The impact of the exports ban is directly correlated to the export/import ratio for the sector.](#)

