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koninklijke metaalunie

ION Vereniging Industrieel Oppervlaktebehandelend Nederland

For the attention of the European Commission
Directorate-General for the Environment;
Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs;
Directorate-General for Employment, Social Affairs and Inclusion;
BRUSSELS

Date	15 July 2016
Subject	Short-term Chromium VI authorization expected to lead to loss of approx. 95.000 to 305.000 jobs in the EU
Reference	ION.BR.16.981

Dear Sirs, Madams,

FME (the largest employers organization in the Dutch technology industry), Koninklijke Metaalunie (the largest Dutch employers organization for SMEs in the metal industry) and Vereniging ION (the largest organization for Dutch surface treatment companies) together represent approx. 15.000 Dutch companies, 90 billion euros in turnover, and 370.000 employees. In this letter concerning your upcoming decision on Chromium VI authorization, we would like to express our deep concerns about the position of the Dutch and EU surface treatment industry, technology companies which use Chromium VI compounds, and customers of these companies. We write this letter to ask the European Commission to grant authorization for long periods, preferably of twelve years or more. This may prevent the imminent loss of revenue for businesses in the Netherlands and the EU, and the resulting loss of jobs.

The European Commission's decision on the length of the authorization period for Chromium VI substances is expected before the end of 2016. The European Chemicals Agency (ECHA) has assessed various applicants including the CTACsub consortium, and we have been informed that ECHA has recommended granting authorization periods of four and seven years for various uses of Chromium VI. We believe that authorization periods of only four or seven years will have a massive negative economic impact. We have requested the research and consultancy firm Panteia to perform a survey, and we present the main results in this letter. The research was conducted in accordance with the Standard Cost Model (SCM), a method that is also used by the Dutch government and the European Commission. The full report is attached for your convenience (see Appendix I).

The results of the study show that there is a strong likelihood that 171 Dutch companies will cease operations and 1.999 jobs will be lost when Chromium VI authorization is granted for a period of seven years. An authorization period of only four years may lead to 593 Dutch companies ceasing operations, resulting in the loss of 9.455 jobs in the Netherlands. When authorization is granted for a period of twelve years, companies expect almost no effects.

Based on Dutch data, Panteia has calculated the economic impact of short-term Chromium VI authorization on all 28 EU member states. The results show that a seven-year authorization period may lead to the loss of 94.942 jobs in the EU. If authorization is granted for a period of only four years, the number of jobs lost rises to 304.997.

We would like to present, in brief, a number of arguments that explain why not granting authorization, or granting authorization for a period of only four or seven years, will have such a negative impact on the EU's economy.

- The treatment of metals with Chromium VI is a step in the product manufacturing process which can be carried out without authorization outside the EU. EU legislation allows finished products (e.g. chromium water taps, shock absorber piston rods, Chromium VI-treated aluminium or titanium, etc.) to be imported.
- If authorization is not granted, customers requiring the repair or maintenance of products that were originally treated with Chromium VI will be forced to take their business outside the EU. For instance, airplane maintenance work can be relatively easily relocated to airports outside the EU.
- If authorization is granted for a period of only seven years, for instance, customers of these companies will still consider alternative options in order to increase the security of supply.
- Preparing a dossier and submitting an application for authorization takes two years, and the subsequent ECHA assessment takes 18 months. The authorization process is complex, costly, takes 42 months to complete, and offers no guarantee of an authorization. A four-year authorization period means that companies have to work and pay continuously in order to stay in business. Customers of these companies are unsure of the continuity of supply. A four-year authorization period does not have a positive effect. Customers of applicants who want to avoid supply risks and higher costs are still forced to do business with suppliers outside the EU.
- The EU is also in danger of missing out on investments, since investors want assurance that their EU factory will not suddenly lose its license after four or seven years. Investments are usually calculated for an economic lifetime of 10 years.

The effects mentioned above will lead to loss of turnover and the closing and relocation of businesses outside the EU. Although Chromium VI is a carcinogen, no alternatives are available in many cases. The sectors and industries that we represent are of the opinion that companies should immediately replace Chromium VI if and when an alternative is available, but authorization must be granted for long periods where necessary.

Recently, the Carcinogens and Mutagens Directive proposed a new occupational exposure limit for Chromium VI. The Impact Analysis shows that 916.000 workers are exposed.[1] This number of exposed workers is based on the CAREX database, which contains data from Finland (1990 - 1993 period) and the United States (1981 - 1983 period). Consequently, the data being used to calculate these exposure levels is more than 20 to 30 years old. We question the relevance of these data and the validity of the conclusions reached, especially when taking into account the improvements in the industry over the last 20 years in areas such as production processes, the (voluntary) reduction in the use of Chromium VI, and (for processes and products where this was possible) the replacement of Chromium VI by other substances.

The recent Panteia research shows that EU surface treatment companies employ approx. 291.000 workers. The number that must be considered, however, is the number of workers who are involved in actual production work and who may therefore be exposed to Chromium VI. The sectors and industries that we represent have calculated the number of exposed workers in the EU at approximately 50.000 instead of 916.000. This raises some important questions:

- How is the socio-economic analysis of applicants for Chromium VI authorization affected by a much smaller number of workers being exposed to Chromium VI than was previously assumed?
- Can this information be taken into account by the European Commission in its final decision about Chromium VI authorization?
- What is the effect on other ongoing policy issues related to Chromium VI?

[1] http://europa.eu/rapid/press-release_MEMO-16-1655_en.htm

We have provided you with recent figures on the number of workers exposed to Chromium VI. For the other substances to be included in the Carcinogens and Mutagens Directive, we would like to carry out new research to determine the correct numbers of exposed workers.

FME, Koninklijke Metaalunie and Vereniging ION understand that ECHA has issued a recommendation on the CTACsub application. ECHA has advised granting authorization for a seven-year period for uses nos. 2 and 4, and authorization for a four-year period for uses nos. 3, 5 and 6. We are not in a position to express an opinion about the authorization procedure, the quality of the dossiers, and the examination of alternatives in the socio-economic analysis. However, we would like to note that Chromium VI is the first serious test for the authorization process for the industry, ECHA, and the European Commission. The Panteia study clearly demonstrates the major negative economic impact of granting authorization for a period of only four or even seven years.

We therefore ask you to grant longer authorization periods, preferably of twelve years or more. This may prevent the imminent loss of revenue for businesses in the Netherlands and the EU, and the resulting loss of jobs. The current authorization rules and procedures have the undesirable effect of pushing business outside the EU, most likely to countries with lower standards of awareness, protection, control and enforcement. Koninklijke Metaalunie, Vereniging ION and FME therefore urge you to reverse this decision. The REACH Regulation and EU occupational health and safety legislation should encourage and reward companies who wish to carry out these activities inside the EU. We need to prevent a situation where EU jobs and economic opportunities are lost, and EU environmental and occupational health and safety problems are 'exported' to other countries.

On behalf of:
P.J.L. Bongaerts, Director of Advocacy, FME, and
J. Kleiboer, Policy Director, Koninklijke Metaalunie

Yours faithfully,
Vereniging Industrieel Oppervlaktebehandelend Nederland (ION)

E. Stremmelaar
Managing Director

Appendix I: Panteia report 'Economic Impact of the Authorization of Chromium VI', July 2016