

Good morning everyone and thank you for inviting me to speak here today. I'm from the Surface Engineering Association which is a UK based organisation founded in 1887, representing companies involved in surface engineering, sometimes called product finishing or surface treatment. We represent some 500 SMEs in the UK. I'm also President of the European Committee for Surface Treatment, where we have representatives from all of the main industry based EU Member States – so around 20,000 SME businesses in total.

The theme for today's event is the costs and benefits of REACH authorisation. Now you might be wondering what the connection between surface engineering and REACH is? Well in simple terms, surface engineering companies can easily use in the region of 200 different substances in order to apply a coating to a manufactured product, so REACH certainly has an impact on our sector. But does it really matter? There are only 20,000 SME businesses involved. Imagine a world without cars, aeroplanes, trains, computers, mobile phones, medical implants, buildings, and electronics, in fact virtually no manufactured products – that's a world without surface engineering. From aero engines to aeroplanes, from iPods to surgical implants and from razor blades to racing cars they all need surface engineering to function correctly. So surface engineering does matter and you need to understand the impact that REACH is having on this vital sector.

So costs and benefits – how do you decide what the costs are and how do you calculate the benefits? If I split this audience into 2 and give you both the same data but then ask one half to focus on the positives and the other on the negatives, we will get two entirely different reports from the same data set. So who is right? Both would be and that's a big problem. It reminds me of a well know saying – there are 3 kinds of lies: lies, damned lies and statistics.

Let me give you an example - The ECHA (European Chemicals Agency) recently published “Cost and benefit assessments in the REACH Restriction dossiers” in which it claims that the total costs assessed for all the restrictions in the EU having gone through the REACH procedure is estimated at €290 million per year with health benefits equivalent to over €700 million per year. So to the unformed, this looks like a clear cut case of benefits exceeding costs and Members of the Parliament would assume that REACH was working. However on closer inspection it becomes very clear that the costs to industry are indeed real and probably underestimated but the benefits to the EU are all estimated and based on projections and assumptions and are not actual savings at all. So we are comparing apples with pears – we are not comparing like with like.

The report actually states that human health and environmental impacts of restrictions are challenging to estimate and only for a few cases have the monetised

benefits been established. In fact, just 2 of the restrictions account for almost 97% of the supposed benefits – the removal of methanol from windshield washing fluids and the removal of chromium V1 from the tanning of leather articles.

It is stated that the removal of methanol from windshield washing fluids will prevent 82 fatalities due to methanol poisoning after drinking windshield washing fluid as a substitute for consumable alcohol and the statistical value of each life is €3.9 million. How the value of €3.9 million per each life has been calculated is not explained and how the saving will be achieved is also not explained. The removal of chromium V1 from the tanning of leather articles is estimated to prevent an alleged 1.32 million people with chromium allergies to be off sick from work, companies to avoid lost production because of this, as well as health and medication costs and to allow these 1.32 million people to start buying leather products again, all of which amounts to €354.6 million. Again there are no details on where the 1.32 million figure comes from and no account taken of the fact that the majority of leather goods are actually tanned outside of the EU. Now please do not misinterpret what I have been saying, we are not against the aims and objectives of REACH and we fully agree that we need to manage our use of substances carefully, particularly those that could qualify as SVHCs (Substances of Very High Concern) and, wherever possible, we should attempt to remove these substances from global supply chains if suitable alternatives are

**Opmerking [D1]:** We are not sure whether to leave this comment or not. Our suggestion would be to delete it but we also fully understand your point.

**Opmerking [D2]:** As above we feel that the arguments are strong enough and that in the effort to be defensive ECHA and DG GROW might spin your arguments or see it as a direct accusation. We think that it might be more constructive to leave this out.

technically and economically feasible. I'm also sure that the benefits of REACH will eventually become clear for all to see but what we shouldn't do is to interpret data in order to satisfy ourselves that what we are doing is beneficial. We need to be open and honest with each other if we are going to make a success of REACH.

**Opmerking [D3]:** Very strong language we would rather change it with "interpret" even if we know it's basically the same thing.

How many of you have seen this report? It has been produced by Panteia on behalf of a number of Dutch Industry Organisations and looks at the economic impact of the Authorisation of chromium trioxide. What this report does, is very clearly show the vital importance of surface engineering to the EU manufacturing supply chain and the terrible costs that we will all incur if we fail to appreciate the potential impact of REACH and just blindly continue down the chosen, political path.

So my message from today is very clear, currently the costs of REACH are very real and making us less competitive in the global marketplace but the way that the impact is being calculated is too vague and broad, thus, making the benefits appear at present to be all hypothetical. We are looking forward to hearing from Mr. Mistry from the Economics for Environment Consultancy whose team will be carrying out the EC study on the "Impact of REACH Authorization" on how they plan to overcome the challenge of data interpretation. CETS would be more than happy to provide specific data from the surface engineering sector on the real

**Opmerking [D4]:** We think that we shouldn't dismiss the whole rationale of the study but rather focus on the fact that since the expected benefits are calculated in a broad manner one can argue that they are hypothetical.

**Opmerking [D5]:** It is important to mention the study and that CETS is willing to provide evidence of the real REACH costs for the sector.

impact of REACH on SMEs. So let's all work together to ensure that we can create a prosperous and safer EU and make decisions based on facts not fiction – thank you for listening.