SUMMARY OF THE SME PANEL FOR THE TARGETED REVISION OF THE REACH REGULATION[1]

1. BACKGROUND TO THE TARGETED REVISION OF THE REACH REGULATION

The REACH Regulation ((EC) No 1907/2006) aims to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. This is done by the four processes of REACH, namely the registration, evaluation, authorisation and restriction of chemicals. REACH also aims to ensure free circulation of chemical substances in the EU and enhance innovation and competitiveness of the EU chemicals industry.

The Chemicals Strategy for Sustainability[2] recognises the need for a targeted revision of REACH to achieve its objectives by addressing a number of problems that have been identified. The overall objective of this revision is to ensure that the provisions of the REACH Regulation reflect the ambitions of the European Commission on innovation for safe and sustainable chemicals and a high level of protection of health and the environment, while preserving the internal market, as provided for in the Chemicals Strategy for Sustainability. Further information is available in the Inception Impact Assessment[3].

2. OBJECTIVES AND APPROACH FOR THE CONSULTATION

The SME panel questionnaire is to consider the views and practical experience from SMEs and gather data to improve the understanding of the issues at stake, which will lead to a better quality and credibility of this policy initiative. This consultation is one of several consultation activities which include, an open public consultation[4], interviews with selected stakeholders, consultation with Member States and workshops under a number of dedicated technical studies.

The questionnaire was made available in English on 3 March 2022 and in all EU languages on 18 March, and was open for replies until the 6 May 2022.

The questionnaire was split into four different sections, including a 'general information' section, questions regarding 'registration of chemicals' a section on 'supply chain communication' and a final section with questions on 'authorisation and restriction'.

3. RESPONSES TO THE CONSULTATION

3.1 Respondent profile

In total, 193 responses were received to the questionnaire during the consultation period. However, for purposes of this summary note we are only considering SMEs, therefore we

[1] Disclaimer: This document should be regarded solely as a summary of the contributions made by stakeholders. It cannot in any circumstances be regarded as the official position of the Commission or its services. Responses to the consultation activities cannot be considered as a representative sample of the views of the EU population.

[2] https://ec.europa.eu/environment/pdf/chemicals/2020/10/Strategy.pdf

[3] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12959-Chemicals-legislation-revision-of-REACH-Regulation-to-help-achieve-a-toxic-free-environment_en

[4] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12959-Chemicals-legislation-revision-of-REACH-Regulation-to-help-achieve-a-toxic-free-environment/public-consultation_en

have sample size of 168 (i.e. 25 respondents were from large (>250 employees) companies). Of the respondents, 29% of participants (48 out of 168) were from a micro company (0-9 employees), 36% (60 out of 168) were from small companies (10-49 employees) and 36% (60 out of 168) were from medium companies (50-249 employees). A full breakdown is shown in the figure below.

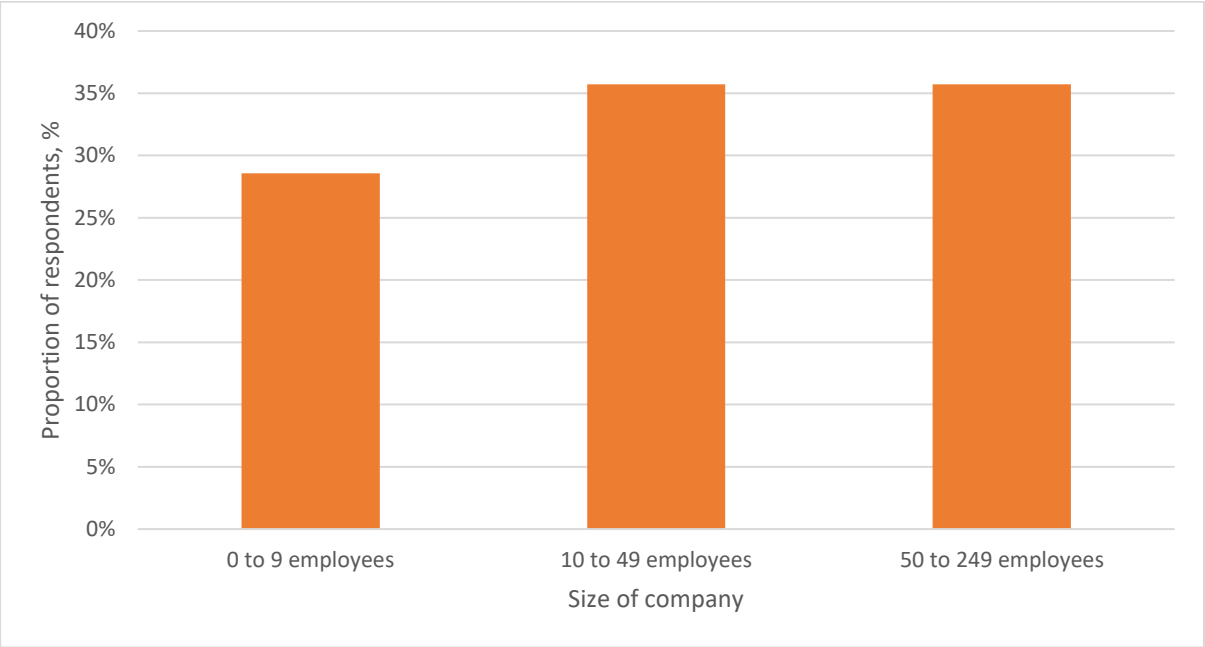

Figure 1 Respondents by company size

The respondents came from a total of 16 countries, all from within in the EU. The most numerous responses came from Italy with almost a quarter of respondents (27%, 46 out of 168), followed by Portugal (13%, 21 out of 168), France (13%, 21 out of 168) and Poland (11%, 19 out of 168). Figure 2 shows a breakdown of respondents by country and company size.

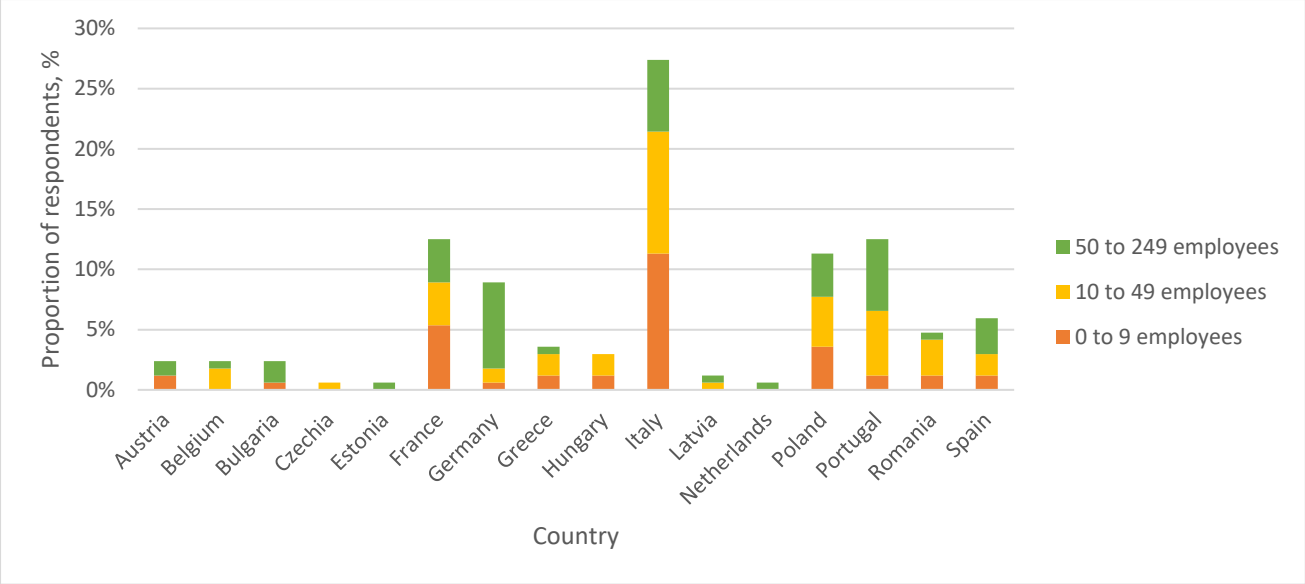

Figure 2 Respondents by country and company size

Other notable information from the questionnaire was gathered in terms of a company's role under REACH. The biggest representation was from downstream users (51%, 86 out of 168), followed by supplier (producer/importer/wholesaler/retailer) of articles (27%, 45 out of 168), importer established in the EU (19%, 32 out of 168), distributor including retailers (18%, 31 out of 168) and formulator (producer of mixtures e.g. paints) (18%, 31 out of 168)[5].

Participants were also asked in what sector activity they belong to. Outside of 'other manufacturing' and 'other sector', metals (17%, 28 out of 168), formulation of chemicals (15%, 26 out of 168), speciality chemicals (15%, 26 out of 168) made up the largest respondents. This was followed up by plastics (13%, 21 out of 168), detergents and cleaning products (11%, 19 out of 168) and polymers (11%, 19 out of 168)[6].

4.2 Example analysis

This section provides an overview of some of the key questions asked in the SME panel consultation. A comprehensive description of the results and their analysis will be included in the final report of the study supporting the European Commission's impact assessment.

In the section 'registration of chemicals' respondents were asked in a matrix form what impact the new REACH measures would have on certain aspects of their business including, administrative costs, research and innovation, competitiveness and access to market amongst others. The impact of the REACH measures were scored as follows **'very negative (-2), negative (-1), neutral (0), positive (+1) or very positive (+2)**'. Such new REACH measures amongst others, included 'new information requirements manufacturers and importers to provide information on critical hazard properties' and 'new requirements for manufacturers and importers to register polymers'.

[5] Note that respondents could tick more than one 'role' under REACH.
[6] Note that respondents could tick more than one 'role' under REACH.

The graph below indicates the replies on expected impact on administrative costs of new REACH measures on for registration requirements. For all measures, SMEs were divided on whether impacts would be neutral, negative, or very negative. Nearly two thirds of SMEs predicted negative or very negative impacts for each measure. The most negatively perceived measures were the introduction of information requirements for low tonnage substances (which the largest proportion of SMEs thought would have very negative impacts) and new information requirements for critical hazard properties (which the largest proportion of SMEs thought would have negative or very negative impacts overall). Figure 3 shows that these differences are marginal and that similar patterns were observed for all types of measures.

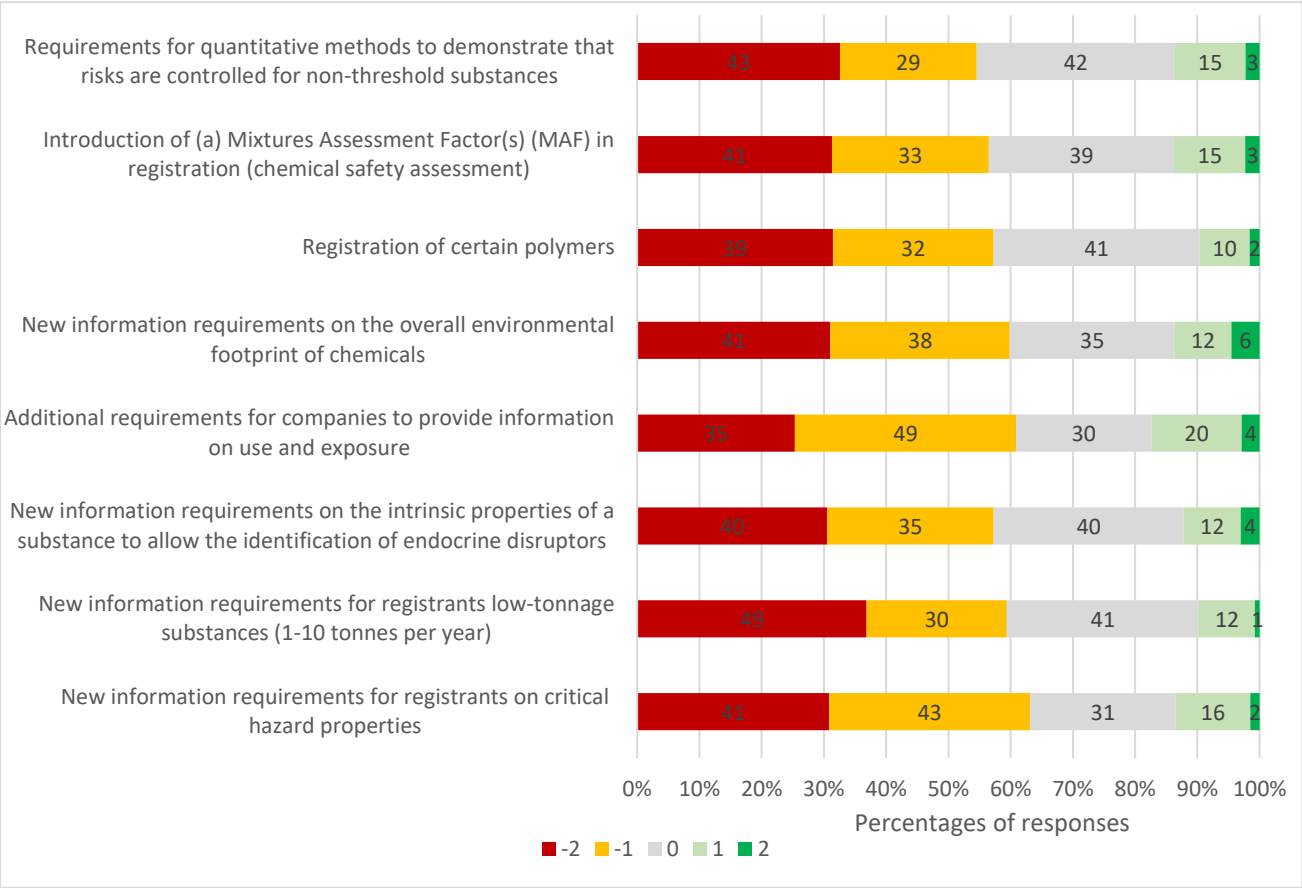

Figure 3 Predicted impact of REACH measures on administrative costs, from a scale of -2 to 2, where -2 = very negative, -1 = negative, 0 = neutral, 1 = positive, and 2 = very positive.

Figure 4 denotes the average expected impact of new REACH measures on administrative costs by company size. No company sizes predicted positive impacts from any measure on average. On a scale of 0 to -2, where 0 = neutral and -2 = negative, micro companies predicted the most negative impacts, with a range from -0.73 to -1.2 for each measure, while small companies predicted negative impacts within the range -0.46 to -0.81, and medium companies predicted negative impacts within the range -0.57 to -0.79. The measure predicted to have the most negative impacts on the administrative costs of micro and small companies was new information requirements for low tonnage substances (1-10 tonnes). The

only measure expected to be less severe for micro and small companies in comparison to medium sized companies was additional requirements on use and exposure, which medium companies expected to be the most severely impacting measure.

Measure	Predicted impact on administrative costs / average response by company size (0 = neutral, -2 = very negative)		
	0 to 9 employees	10 to 49 employees	50 to 249 employees
New requirements for manufacturers and importers to provide information on critical hazard properties:	-1.03	-0.79	-0.61
New information requirements for registrants low-tonnage substances (1-10 tonnes per year)	-1.20	-0.81	-0.63
New information requirements on the intrinsic properties of a substance to allow the identification of endocrine disruptors	-0.92	-0.72	-0.57
New information requirements on the overall environmental footprint of chemicals	-0.88	-0.56	-0.75
Additional requirements for companies to provide information on use and exposure	-0.73	-0.46	-0.79
Registration of certain polymers	-1.03	-0.67	-0.67
Introduction of (a) Mixtures Assessment Factor(s) (MAF) in registration (chemical safety assessment)	-1.03	-0.56	-0.61
Requirements for quantitative methods to demonstrate that risks are controlled for non-threshold substances	-0.93	-0.63	-0.61

Figure 4 Predicted impact of REACH measures on administrative costs by organisation size, taken as an average of responses, where 0 = neutral, -1 = negative, -2 = very negative.

In the final section 'authorisations and restrictions' participants were asked what the predicted impact of new measures under each of the three policy options would have for the reform of authorisation and restriction on certain aspects of their business including, administrative costs, research and innovation, competitiveness and access to market amongst others. The three options include Option 1: Keeping the authorisation process with some changes, Option 2: Merging the authorisation and restriction process, Option 3: Removing authorisations from REACH. This was scored as follows **'very negative (-2), negative (-1), neutral (0), positive (+1) or very positive (+2)**'.

Results from the questions on Option 1 (Keeping the authorisation process with some changes) have been analysed as an example in this summary document. The graph below shows what type of impact the new measures under Option 1 SMEs would predict to have on administrative costs associated with REACH. The results indicated that 58% of respondents predicted that 'lighter information requirements for SMEs to apply for authorisation' would have an overall positive impact on their REACH administrative costs. Further to this, 59% of respondents predicted that 'simplified procedures for cases where there is low risk' would

have an overall positive impact on REACH administrative costs. Conversely, 40% of respondents believed that 'introducing a completeness check and strengthening conformity check of applications for authorisation by ECHA' would have an overall negative impact on their REACH administrative costs.

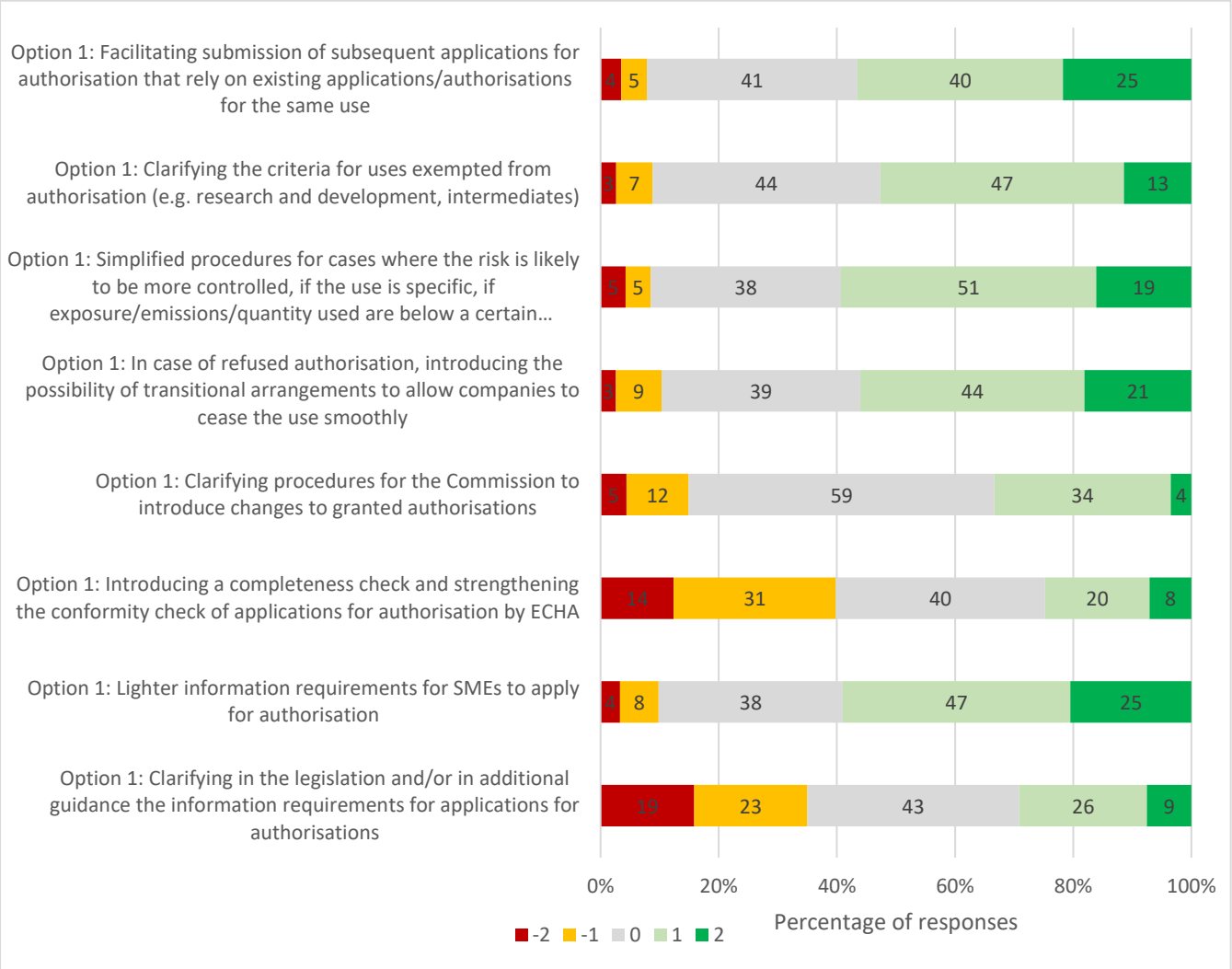

Figure 5 Predicted impact of the measures under Option 1 for the reform of restriction and authorisation on REACH administrative costs, from a scale of -2 to 2, where -2 = very negative, -1 = negative, 0 = neutral, 1 = positive, and 2 = very positive.

4. NEXT STEPS

Next steps for the revision of REACH and following up on this SME Panel consultation are:

- Commission's impact assessment to be completed during Q3/Q4 2022.
- Commission's proposal for the REACH revision in Q1 2023.