

WHAT ARE THE COSTS AND BENEFITS OF AUTHORISATION: RESULTS OF THE STUDY ON THE IMPACTS OF AUTHORISATION

Stock-taking conference on the
implementation of REACH authorisation

14th November 2017


Presentation by Rohit Mistry (eftec)

eftec

Economics for the Environment Consultancy

Apeiron
where Strategy, Science and Efficiency meet

 Peter Fisk Associates

 The Economics Interface

OVERVIEW

1

Costs

2

Benefits

3

Summary

COSTS

1 European Chemicals Agency

2 Member State Competent Authorities

3 European Commission

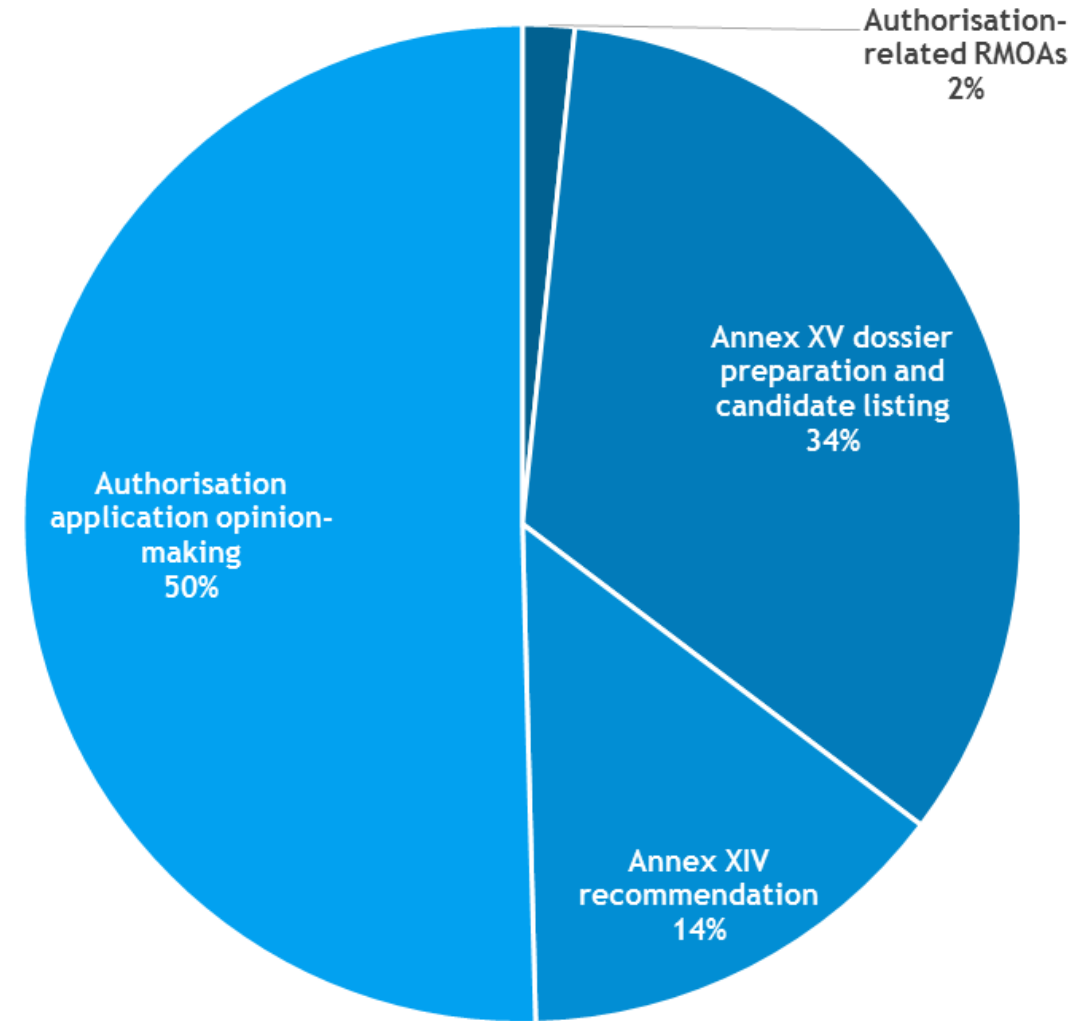
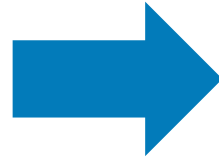
4 Third parties

5 Industry

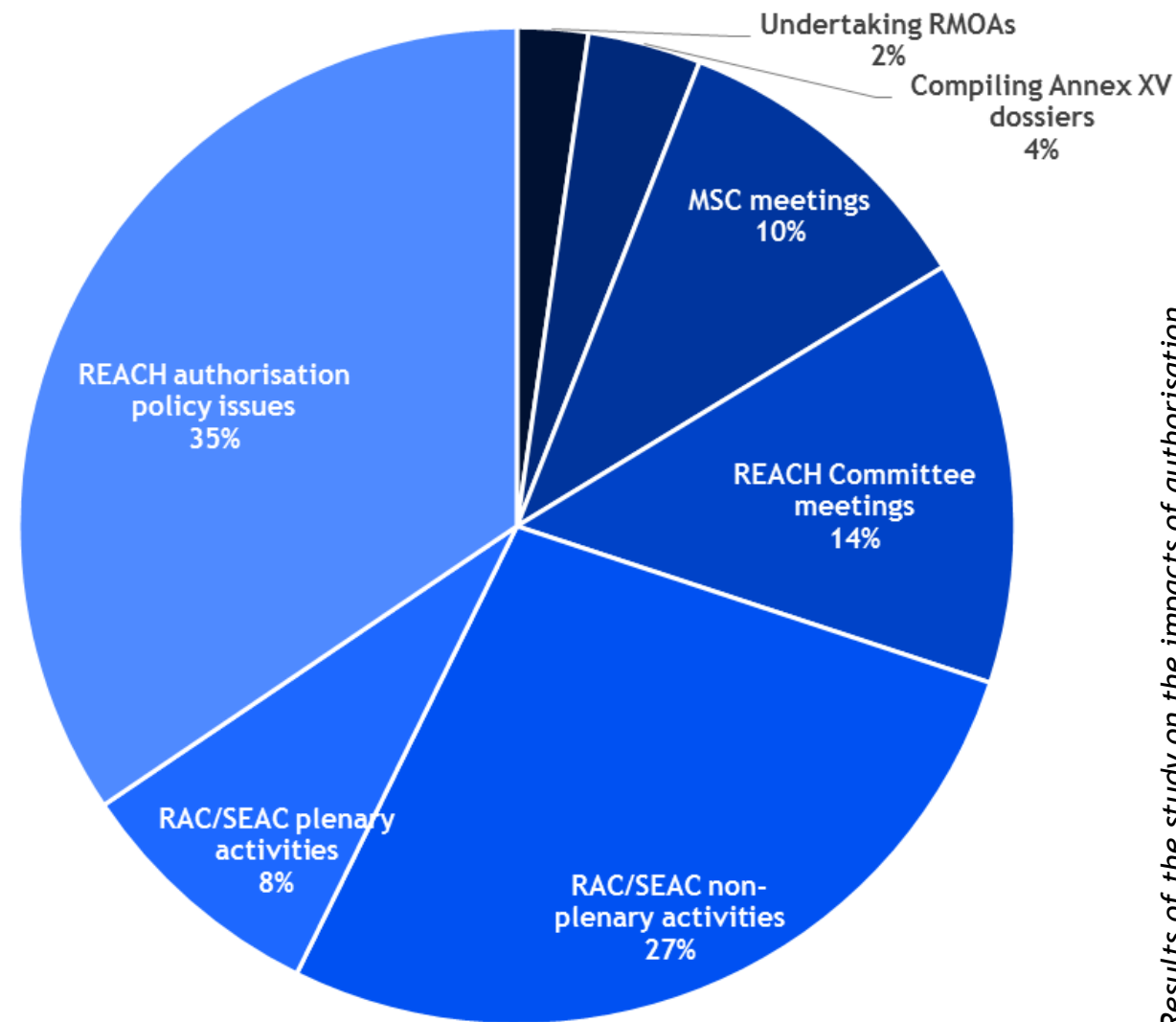
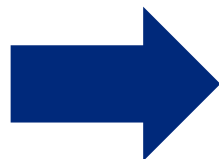
ECHA



Based on 2014 - 2016



MEMBER STATE COMPETENT AUTHORITIES

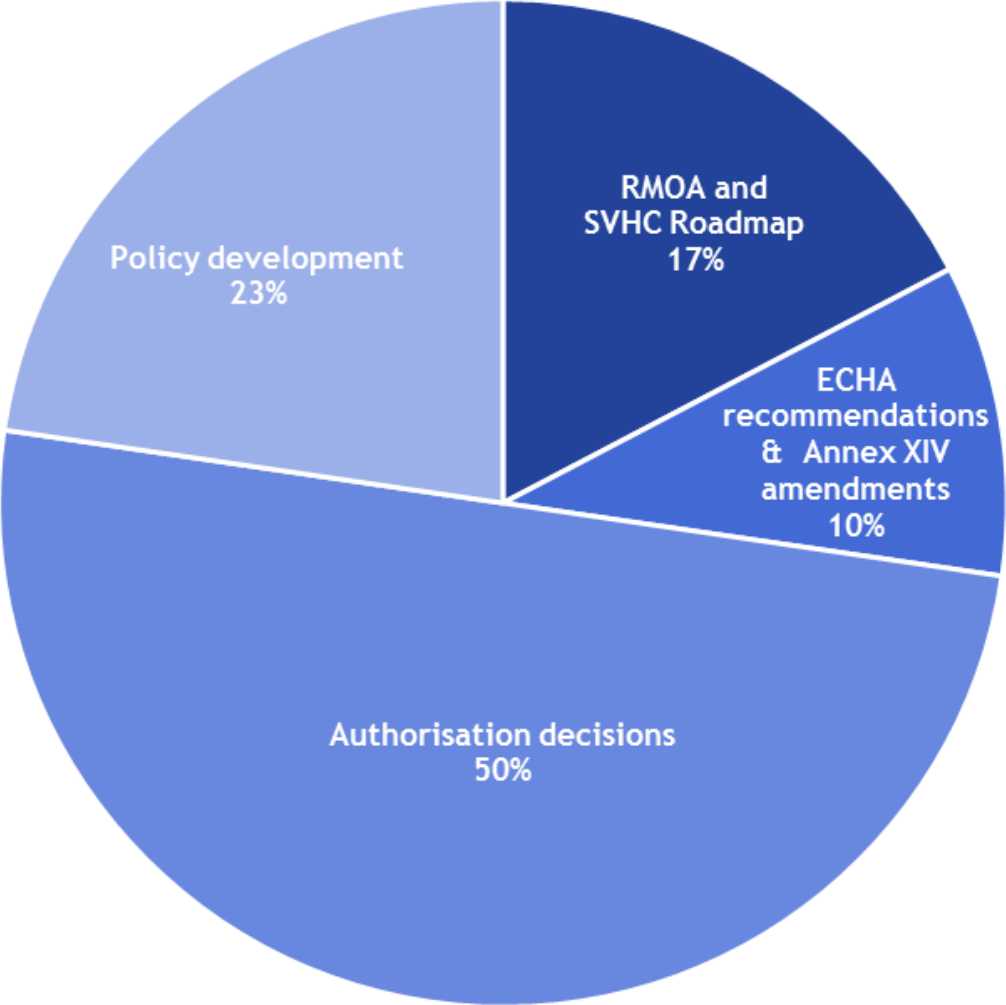
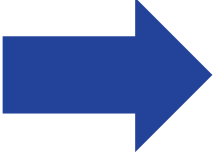


eftec: Results of the study on the impacts of authorisation

EUROPEAN COMMISSION

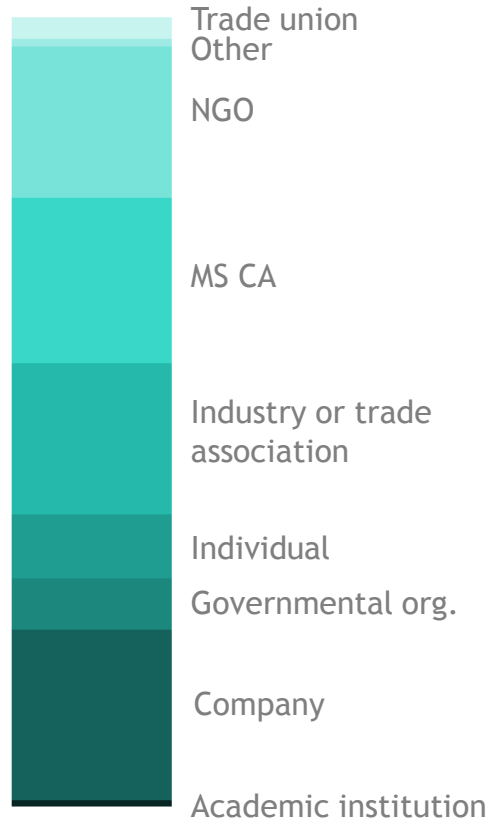


Based on 2016



COSTS TO THIRD PARTIES: PUBLIC CONSULTATION SUBMISSIONS

Public consultation on the inclusion of a substance in the Candidate List



2008-2016

3591 submissions, 196 substances

Public consultation on the inclusion of an SVHC in Annex XIV



2009-2016

3088 submissions, 187 substances

Public consultation on AfAs



2013-2016

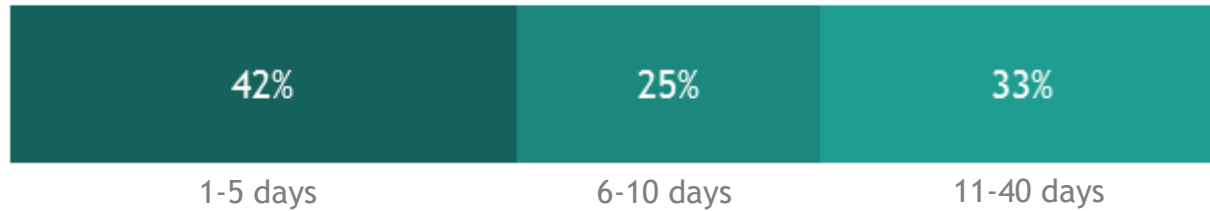
1128 submissions, 21 substances

COSTS TO THIRD PARTIES: PUBLIC CONSULTATION

Public consultation on the inclusion of a substance in the Candidate List

2008-2016
 Number of public consultation submissions received per substance:
 • Median: 13 • Minimum: 1
 • Mean: 18 • Maximum: 245

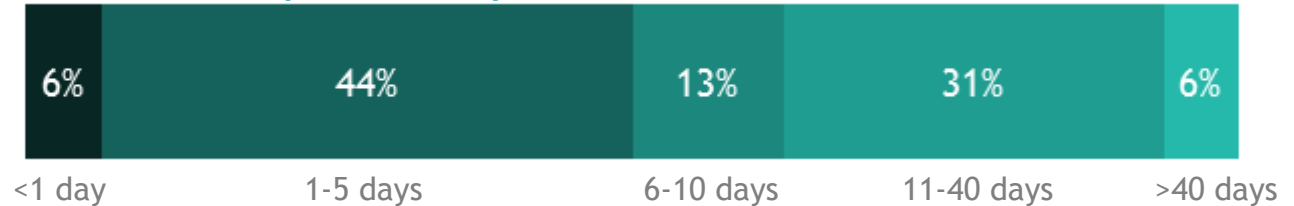
Time taken to produce response



Public consultation on the inclusion of an SVHC in Annex XIV

2009-2016
 Number of public consultation submissions received per substance:
 • Median: 16 • Minimum: 1
 • Mean: 35 • Maximum: 493

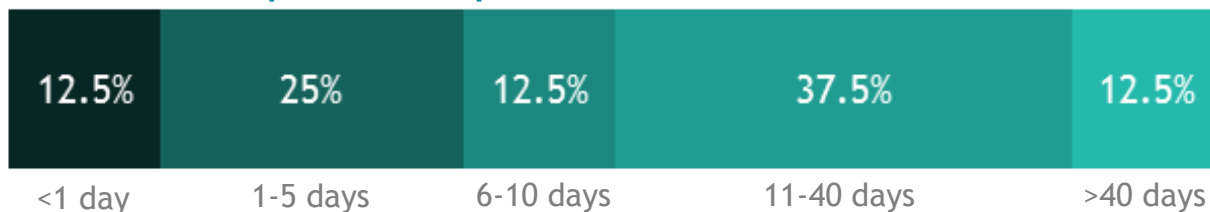
Time taken to produce response



Public consultation on AfAs

2013-2016
 Number of public consultation submissions received per substance:
 • Median: 11 • Minimum: 1
 • Mean: 54 • Maximum: 449

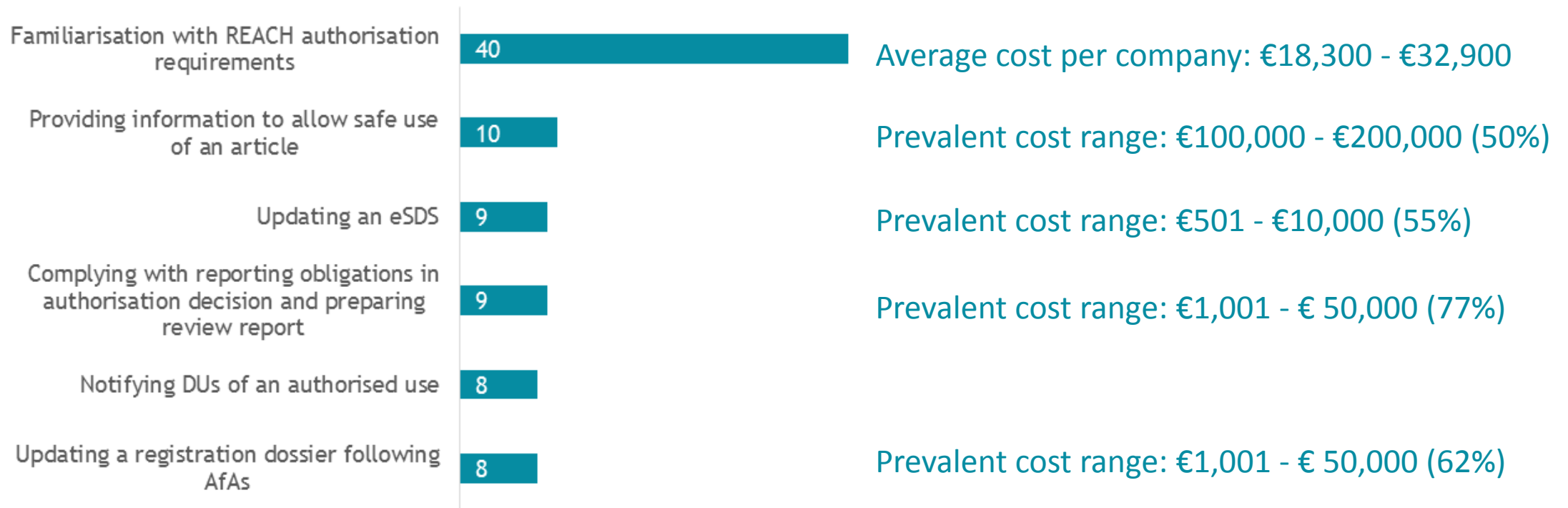
Time taken to produce response



INDUSTRY: COMPLIANCE COSTS

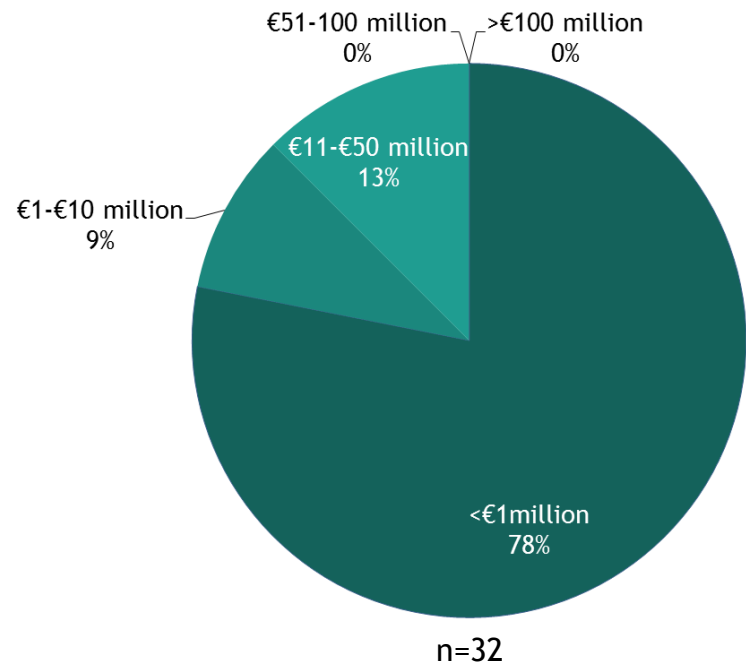
- 71% of survey respondents (n=45/63) stated that they had incurred some form of compliance cost

Number of respondents (n=45) that incurred the following types of compliance costs:

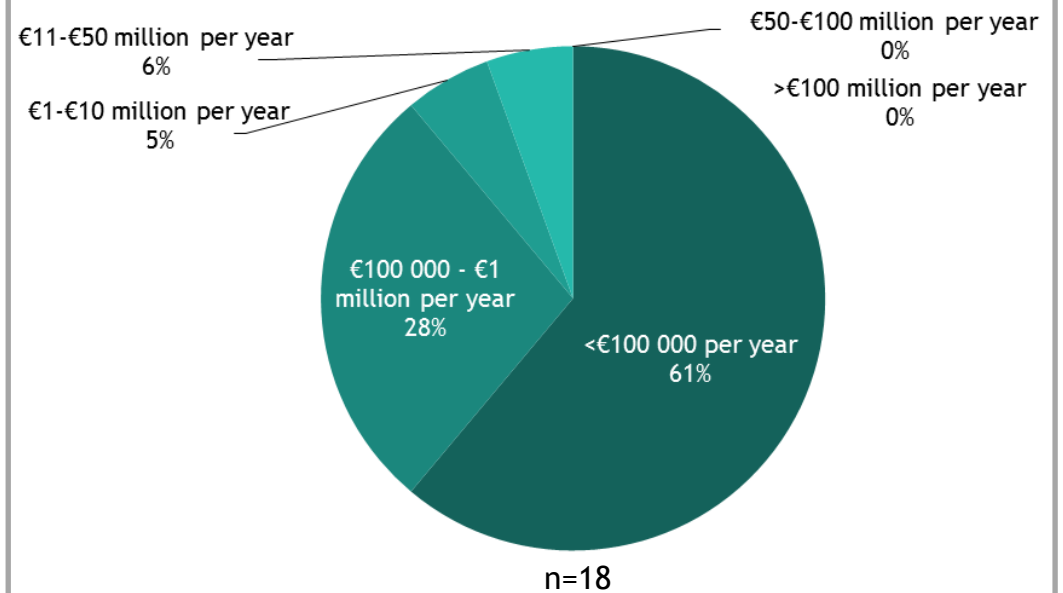


INDUSTRY: COSTS OF SUBSTITUTION

One-off investment costs to implement an alternative (substance or process)

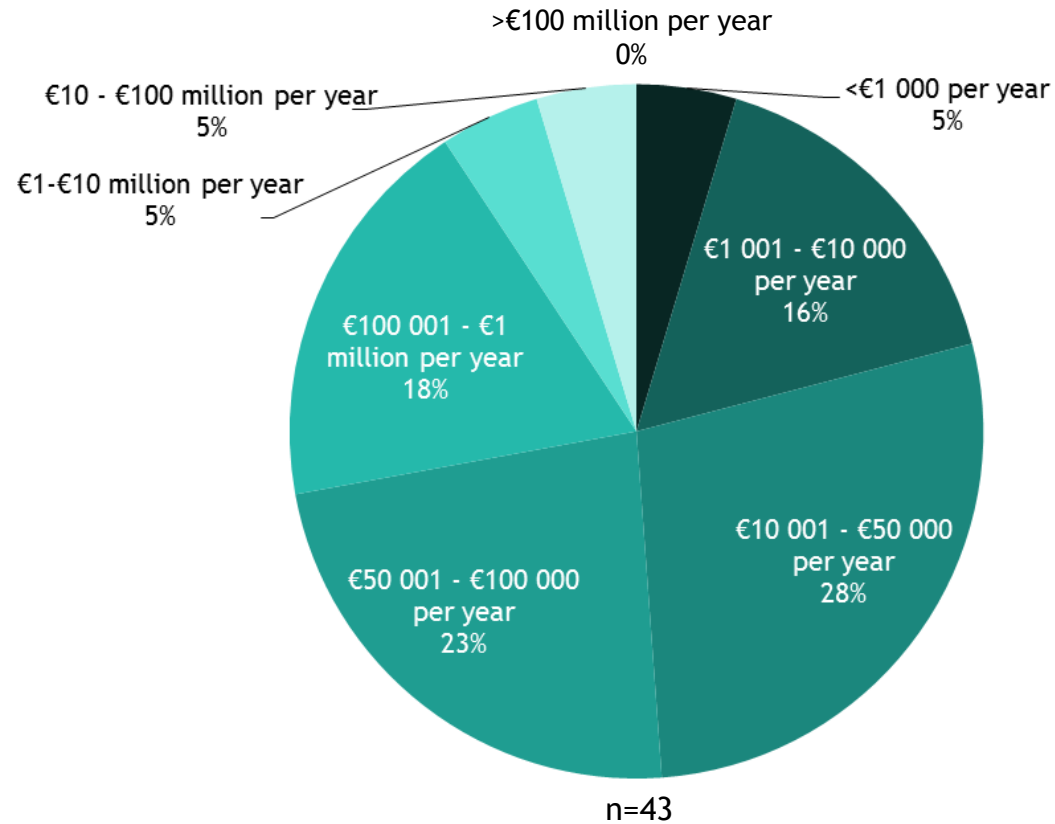


Annual net operating costs to using an alternative (substance or process)



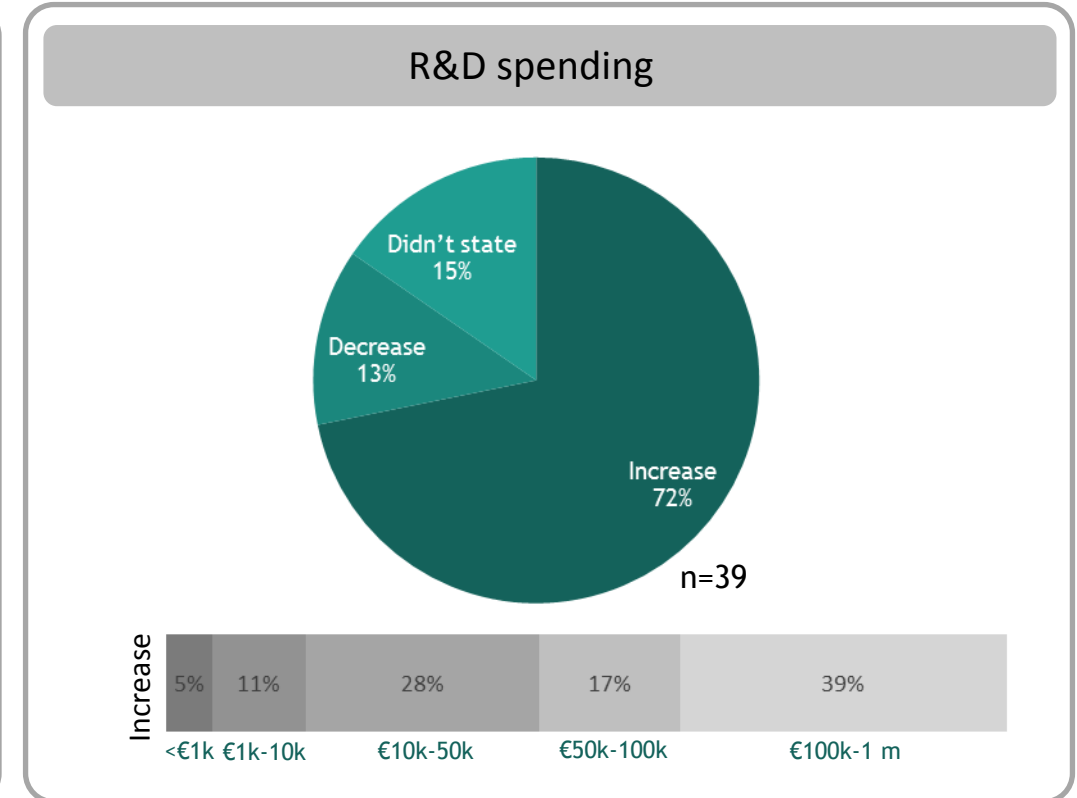
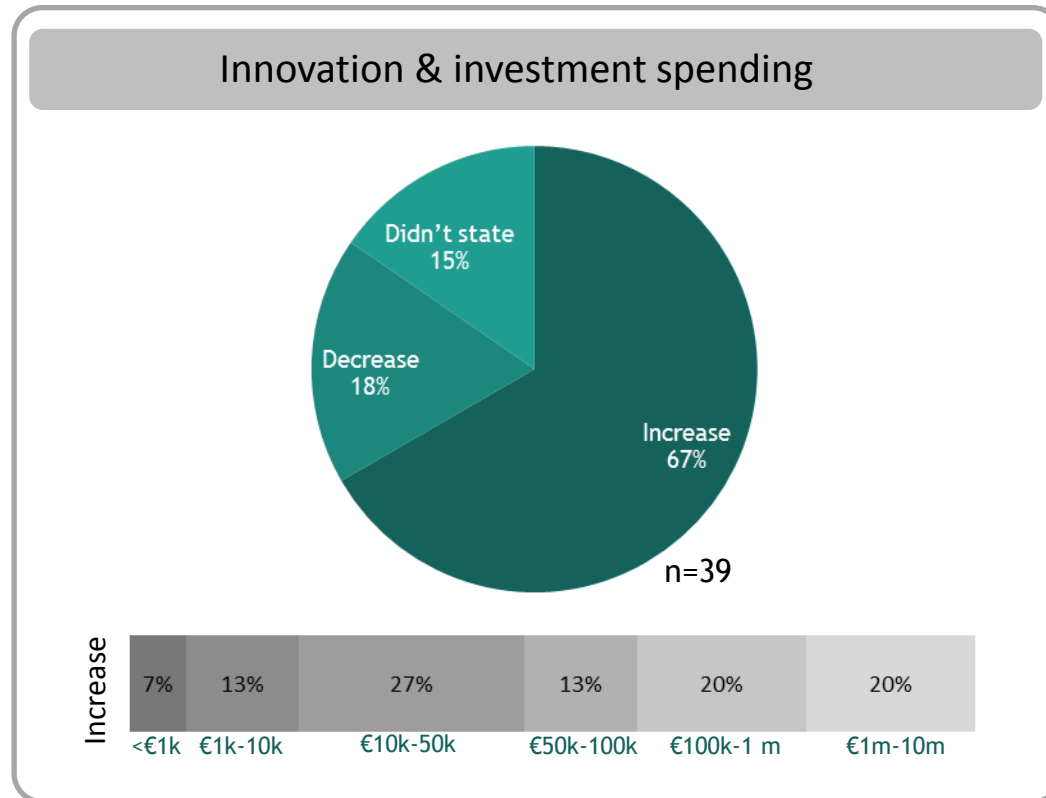
INDUSTRY: COSTS OF SUBSTITUTION

Annual spending on substitution activities



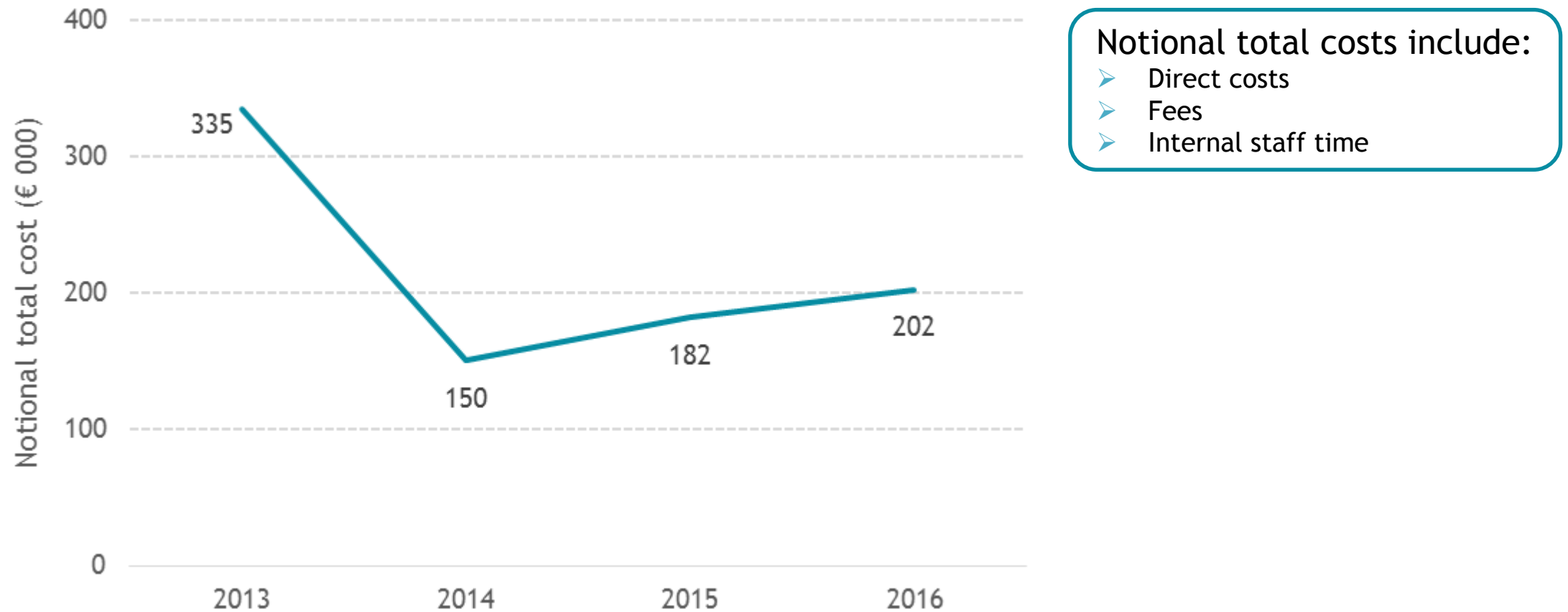
INDUSTRY: COSTS OF R&D, INNOVATION, AND INVESTMENT

- 81% (n=35 out of 43) of survey respondents indicated that authorisation has had an impact on their annual R&D, innovation, investment spending



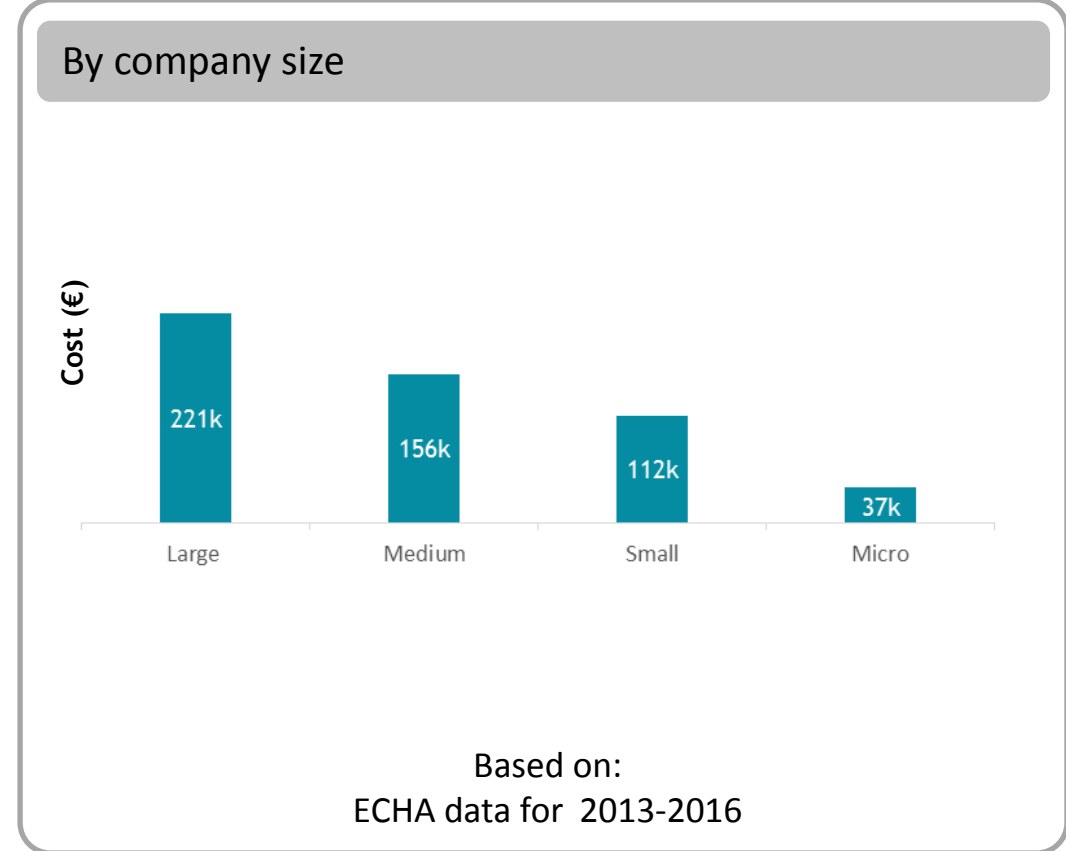
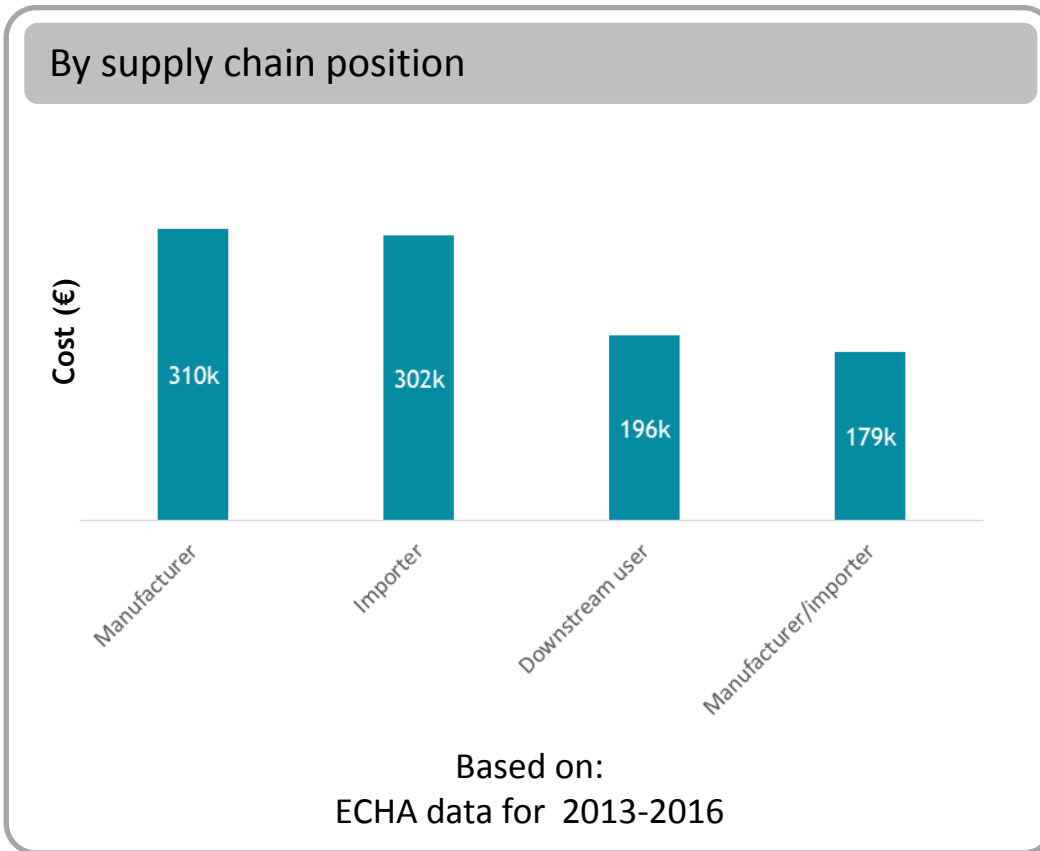
INDUSTRY: COSTS TO APPLY FOR AUTHORISATION

Notional total cost - per applied for use



INDUSTRY: COSTS TO APPLY FOR AUTHORISATION

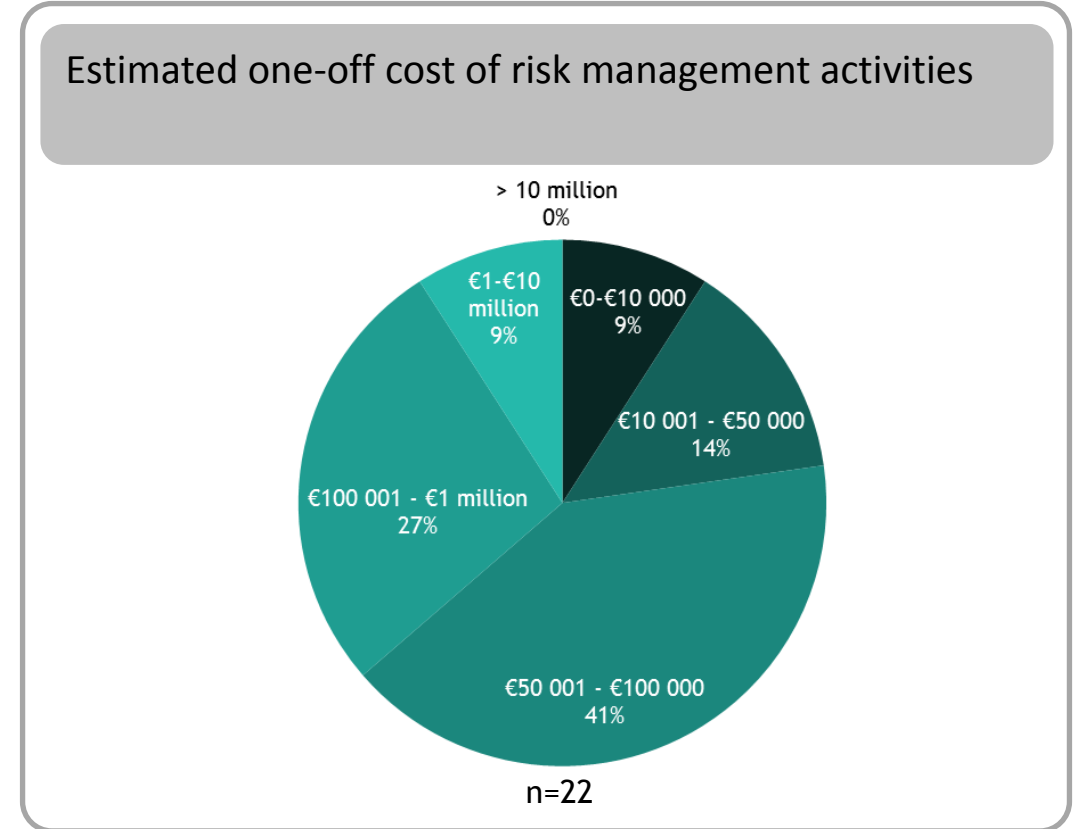
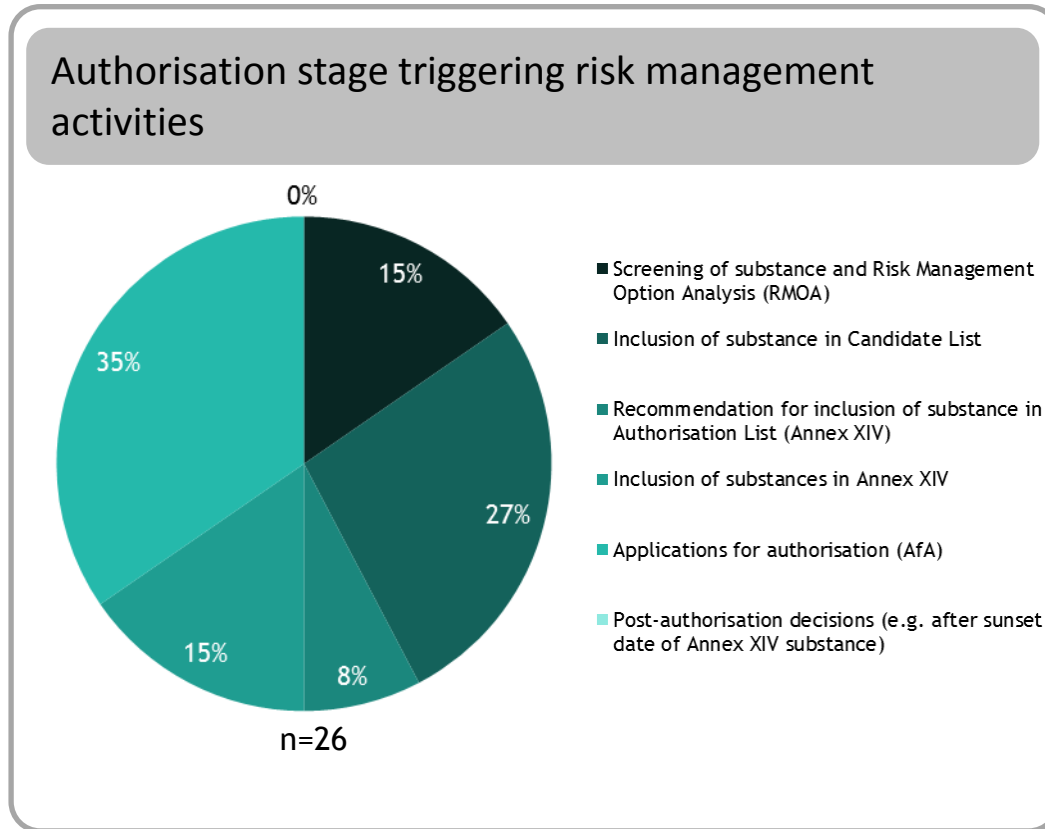
Reported mean notional total application costs per use and applicant



- **Post submission costs - Mean costs to applicants in the opinion-making phase: ~€17k**

INDUSTRY: COSTS OF IMPROVED RISK MANAGEMENT

- 40% (i.e. 23 out of 57) of survey respondents indicated that they had improved risk management of SVHCs as a result of the authorisation process



BENEFITS OF REACH AUTHORISATION

1 Reduction in exposure to SVHCs

2 Reduction in emissions of SVHCs to the environment

3 Awareness and adoption of alternatives (to SVHCs)

4 Benefits of substitution

5 Better information

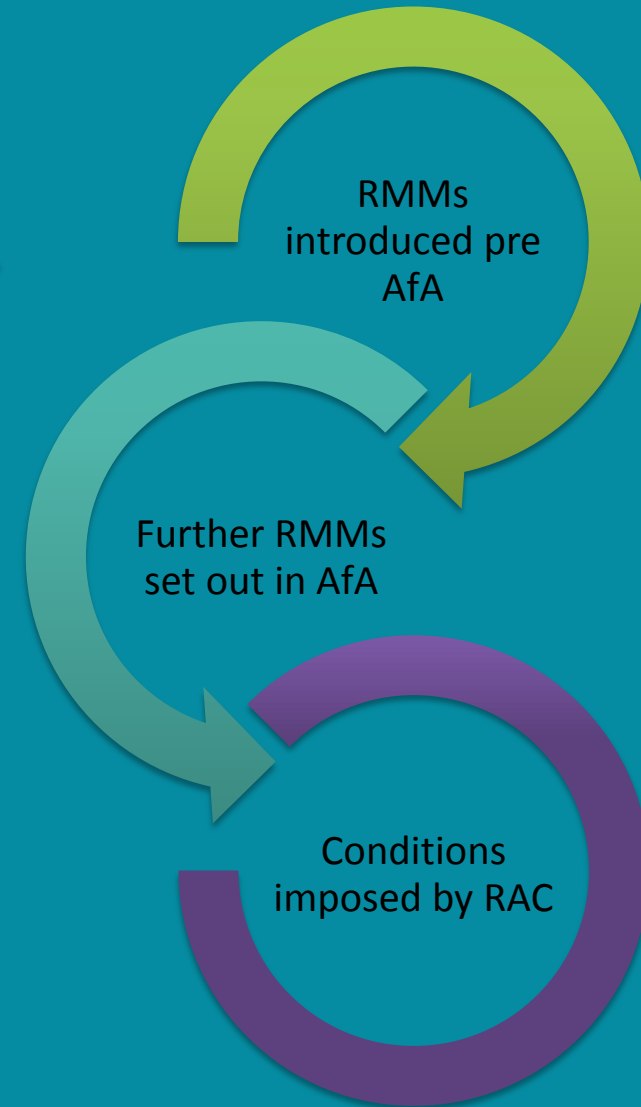
6 Other benefits

REDUCTION IN EXPOSURE & EMISSIONS

1 Improvements in RMMs where SVHCs are still be used

2 Substitution away from an SVHC

3 Avoided exposure and emissions within the EU due to closing and/or relocating EU production sites



BENEFITS OF SUBSTITUTION - TOO EARLY TO SAY?

1 Sales of alternative



77% of survey respondents who substituted identified REACH authorisation as the main driver

2 Employment using an alternative

3 Exposure and emissions of SVHCs



23% of survey respondents who substituted, attributed this to other factors

Net benefit?



BETTER INFORMATION AND COMMUNICATIONS

1 Use specific information on exposure and risk management

2 Suitability of possible alternatives

3 Whether society is better or worse off with continued use?

Improved
supply chain
communications

SUMMARY

- Costs to EU public authorities ~€8.5 million / year
- Costs to EU applicants ~€9 million / year (based on 50 uses per year)
- Costs of substitution ~ One off costs <€1million per company (mean ~€1.5million)
- Other compliance costs difficult to estimate - Costs of additional RMMs associated with these applications might add another €7million / year
- Further thoughts required to mitigate/minimise some of the costs to third parties - Are all submissions relevant and/or effective?
- Benefits from reductions in exposure and emissions of SVHCs - Still a lack of data necessary to quantify and monetise these benefits
- Clear evidence of substitution - but too early to judge the net impact of substitution

CONTACT

Rohit Mistry

rohit@eftec.co.uk

Tel: +44(0)207 580 5383

www.eftec.co.uk

eftec