

# Consequences in the chemical industry

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- Contributes €20.3bn annually to UK economy
- Responsible for €66.8bn worth of imports and €62.7bn exports
- R&D annual spend around €5.6bn (24% of the UK total)
- Provides 500,000 jobs (direct and indirect)
- Industry its own biggest customer
- 60% of chemical exports to the EU and 75% of chemical imports from the EU
- The “industry of industries” (the cars don’t run; planes don’t fly and drugs don’t work without us!)

- Brexit outcome critical as 60% of UK chemical exports to EU27 and 75% of imports from EU27
- Key industry asks
  - Frictionless tariff-free trade
  - Regulatory consistency
  - Access to skilled people

**1 Frictionless tariff-free trade**

With 60% of UK chemical exports destined for the European Union and 75% of chemical imports coming from the European Union, the imposition of tariffs and related non-tariff barriers will negatively impact trade in both directions, especially where no-mixed value added activities are subject to higher tariffs than raw materials.

- Maintain tariff-free access to the single market, including EU trade deals.
- Avoid border controls for the movement of products as these will cause additional delays, wastage and cost for businesses, governments and consumers.
- Minimise disruption to established supply chains for both UK and continental European chemical businesses and their customers.

**2 Regulatory consistency**

The chemical industry is highly regulated as we need to give confidence to communities around our plants and the consumers of our products. In leaving the EU we do not argue for lower regulatory standards but regulatory consistency and continuity in many areas, to ensure continued access to the market place.

- Develop a UK alternative to the European Union Emissions Trading Scheme that not only delivers CO<sub>2</sub> emission reductions but supports the ability of UK chemical businesses to compete on a global basis.
- Secure access to the EU market place by remaining as close as possible to the existing REACH regime, ensuring any post-Brexit future protects UK industry's existing compliance commitments, avoids duplication of cost and enables the ability to negotiate other free trade deals.
- Retain a risk-based approach to industrial emissions regulation working with the UK Government and regulators to deliver an outcome that protects both the environment and competitiveness.

**3 Access to skilled people**

Chemical businesses rely on skilled people. Some of the specialist skills required are not yet available in the UK. We need to achieve as near as practically possible freedom of movement for certain jobs within the overall workforce. Getting the best can help secure employment for the rest.

- Allow chemical businesses to bring in specialist contractor teams for a limited period to undertake essential maintenance and overhaul activity in shutdown and turnaround situations.
- Agree to facilitate who are employees of companies moving freely between the EU and UK. Chemical businesses need scientists and engineers. Movement of scientific and engineering skills around companies delivers growth.
- Ensure multi-national companies can move their staff - particularly graduates and management trainees - between different countries to gain experience and develop skills. Brexit should not stand in the way of development experience.

- March 2019 - UK becomes a so-called ‘third country’
- Placing substances on the EU market will still be subject to REACH obligations – impact on UK and EU-27 companies
- Placing substances on the UK market will potentially become subject to UK legislation
- The form of that legislation, and the possibility that REACH may apply across the EU-UK border, is subject to political negotiations

- REACH the single biggest piece of European environmental legislation ever!
- UK accounts for over 11,000 registrations – 2nd highest contributor behind Germany
- UK a significant contributor to REACH substance evaluation
- UK also a significant player with regard to BPR (evaluations and authorisations) and CLP (dossier submission)
- UK an active participant in ECHA committees (including Risk Assessment Committee; Socio Economic Analysis Committee; Biocidal Product Committee; Enforcement Forum and related projects)

## Associate Membership (key features and benefits)

- Recognition under EU law and acceptance by both parties of registrations, authorisations, approvals and notifications obtained by UK and EU27 companies
- Existing compliance activities remain valid and the establishment of a process to avoid reapplications in the EU and UK
- A mechanism be set up to allow the UK to negotiate access to the ECHA database to ensure ongoing and future compliance efforts
- Authorities to complete assessments on products undergoing testing, registration or authorisation processes at the point of exit
- UK continued engagement in ECHA functions, but no voting right

All of the above helping to:

- Minimise EU-wide supply chain disruption and potential duplicate costs
- Reassure customer industries over continuity of raw material supply
- Ensure that the UK stays aligned to REACH as the global leader in chemicals management

# Is participation possible?

