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7 December 2017

Rt Hon Michael Gove MP
Secretary of State for Environment, Food and Rural Affairs
Department for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
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Working for chemical and
pharmaceutical businesses

From the Chief Executive

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Dear Michael,

UK Chemicals: REACH and Brexit

It has been some weeks since we last met at the 25 Year Environment Plan session you hosted with a number of stakeholders. Thank you for that discussion and, in particular, your recognition of the importance of regulation being underpinned by risk-based decision-making with the appropriate use of the precautionary and innovation principles. That said, I should like to confirm that, on behalf of the UK chemical and pharmaceutical manufacturing industries, CIA very much wants to continue playing its part in delivering the desired outcome of a better environment for all.

Part of our November discussion inevitably focused on the “here and now” and, for our industry, that quickly turns to REACH and the implications of Brexit. It is no secret that if I had been writing this letter a decade ago, I may well have been encouraging you to do whatever you could do to minimise the adverse impact of REACH on UK chemical businesses! At that time, industry was very concerned about the regulatory/testing costs, the diversion of resource away from R&D or innovation spend and the competitive threat from those businesses in other parts of the world without REACH. However, 10 years on I find myself and our industry calling for Government to do all it can to remain within or as close as possible to REACH. Whilst those original concerns have not disappeared, they are heavily outweighed by a decade of compliance and assurance investment by UK chemical businesses, the growing influence of REACH around the world as the global standard and, crucially, the call from many of our customer industries for certainty of raw material supply and, within that, continuity with REACH. Indeed, only recently the British aerospace industry has written to David Davis and Michel Barnier calling for, amongst other things, “Continued recognition of UK certified chemicals under EU REACH”.

Against this backdrop it is our view that the most effective way of minimising disruption of chemicals supply to key industries such as aerospace, automotive and life sciences, through and



beyond Brexit, is by the UK remaining within REACH and part of the European Chemicals Agency (ECHA) - the body that determines EU standard setting around the safety of chemicals and, of course, market access to the European Union. In this respect we very much complement the aerospace industry's call for continued membership of the European Aviation Safety Agency

A "no deal" scenario and/or exclusion from REACH would present a number of challenges. If the UK falls out of REACH, companies in this country will no longer be recognised under REACH and will become "third country" entities. Such a situation would seriously bring into question 10 years of investment, as registrations and authorisations that permit access to the EU single market would suddenly become "non-existent" on exit day, as recently confirmed by ECHA. Should this scenario materialise, EU customers would need to register the respective substances themselves or UK manufacturers would need to appoint an EU-based "only representative" or relocate to the EU. British companies may be required to re-apply again through EU representatives to continue to be able to trade with the rest of the EU post-Brexit. Duplicating registration costs would obviously affect the competitiveness of UK products and create a significant drain on resources in order to simply stay where we are today. The costs of duplicating our investment to date runs into hundreds of millions of pounds, not to mention the potential ongoing costs of responding to the demands of two regulatory bodies, making a mockery of any regulatory simplification outcome through Brexit.

In making this plea our industry would wish to highlight that it recognises the need for robust regulation. We are a high-hazard sector and it is only right that we are regulated accordingly, giving confidence to our workforce, our local communities and the consumers of our products. I of course acknowledge that the UK is equally capable of ensuring that but, with 60% of all chemical exports destined for the EU27 and 75% of all chemical imports coming from Europe, we believe that continued engagement in EU REACH and ECHA is the most cost-effective way of securing the competitiveness of our sector, which, incidentally, remains the UK's largest manufacturing export earner.

REACH is far from perfect but it is our belief that the best way of minimising any disruption to supply chains and ensuring that cars continue to run, planes continue to fly and medicines continue to work through the essential effect of UK chemicals and chemistry, is by staying within the regime and our European regulatory body. Furthermore, a continued UK voice on the various technical committees supporting the future development of REACH and related regulations will hopefully strengthen the chances of risk-based and proportionate decision-making and, with it, a healthier climate for UK and broader European chemical investment and growth.

As I write this letter we are of course in ongoing dialogue with your officials to help secure minimal disruption from Brexit. However, I do hope you and Government colleagues will give our recommendations serious attention, recognising that continued membership of our European regulatory body and related regime is the most efficient way of delivering that desired outcome - a message that is being increasingly communicated by many other sectors of the economy with regard to their regulatory worlds and many of our customer industries with regard to REACH itself.

Finally, please note that I am copying this letter to the Secretaries of State for Business, Energy and Industrial Strategy and for Exiting the European Union given their respective interests.

Thank you for your attention and my best wishes to you and the Government for the Brexit negotiations.

Best regards



Steve Elliott
Chief Executive

cc: Rt Hon Greg Clark MP
Rt Hon David Davis MP
Susannah Storey, DExEU
Gareth Davies, BEIS
Niall Mackenzie, BEIS
Shaun Gallagher, Defra
Gabrielle Edwards, Defra