



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE RELEASE:

REACH impact assessment confirms threat to small businesses

Brussels, 27 April 2005 The negative effect of the proposed REACH directive will be greatly amplified on smaller businesses, according to the results of the industry commissioned impact assessment published today (Wednesday).

“This impact assessment confirms what we have been saying all along, that SMEs will face much greater difficulties in coping with the onerous costs involved with the current proposals,” said **Hans-Werner Müller**, UEAPME Secretary General. “This is further evidence that the registration burden must be reduced or else small businesses will be seriously endangered.”

The report claims that the costs of registration could be up to 20% of turnover for some SMEs. This would be a massive blow to most small firms, which could force them out of business.

“It is suggested that businesses could reduce costs by ‘rationalising’ their product portfolio but the smaller and more specialised the firm, the more difficult this task becomes. Thus small firms will face significantly greater costs and necessarily find it harder to ‘rationalise’,” continued Mr Müller.

A further worrying finding was that firms included in the assessment do not plan to increase R&D spending due to fears about the need to ensure the survival of their existing products. Innovation in the sector will be stifled as firms prioritise maintaining their existing products on the market. Small businesses typically face much more obstacles to innovation than large industries. A further brake on innovation is the last thing the flagging European economy needs.

One of the main concerns of UEAPME, the European small and medium business association, is the affect on smaller downstream users of chemicals, which are particularly vulnerable under the proposals. The limited attention given to these users under the assessment is a shortcoming.

UEAPME supports the general aim of the REACH proposals but is calling for a number of changes to be made by the European Parliament. Compulsory data sharing on all data will make it easier for SMEs, which do not have the resources to undertake sufficient testing, to adapt to the regulation. In addition, the registration of substances listed in the articles should be limited to substances whose release is an intended function.

“The findings of this study underline the need to amend the proposal to prevent small firms from going out of business. The European Parliament must take this on board in considering its revision of the draft,” concluded Mr Müller.

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