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COMMISSION STAFF WORKING DOCUMENT

Accompanying document to the

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on classification, labelling and packaging of substances and mixtures, and amending
Directive 67/548/EEC and Regulation (EC) No 1907/2006**

Summary of the impact assessment

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EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT RELATED TO THE IMPLEMENTATION OF THE GHS IN COMMUNITY LAW

The Globally Harmonised System of classification and labelling of substances and mixtures (GHS), formally adopted by UN ECOSOC in July 2003, aims to have the same criteria worldwide to classify and communicate through labelling the hazards of chemicals and so to promote their responsible handling. This should facilitate the world wide trade in chemicals and at the same time protect human health and the environment.

This impact assessment concerns the implementation of the GHS in the EU through a proposed Regulation and its consequential changes to other related Community Legislation on chemicals (“downstream legislation”). It is based on impact assessment studies of RPA and London Economics, own work by the Commission services, such as on the consequences for downstream legislation on chemicals and the responses to the Internet Consultation.

The analysis shows that in the long term, the GHS implementation seems worthwhile as the (recurrent) benefits which have the form of trade-related cost savings will ultimately overcome the one-off costs of the implementation. The cost savings, which in all estimates amount to an average of a few labour days per company per year, are caused by substantially lowering the regulatory barrier to trade of world wide differences in classification and labelling. Consequently, it will lead to more chemicals trade with countries outside the EU and thus contribute through a better external competitiveness of the EU industry to more growth and jobs.

However, the implementation costs need to be kept in check so as to arrive at net benefits also in the foreseeable future and to avoid unnecessary costs and administrative burden for SMEs. Foremost, this requires a smooth transition from the current system to the GHS which maintains the current high level of environment and health protection and minimises the burden for companies. The transition period needs to consist of two subsequent phases for substances and mixtures respectively, set in such a way so as to prevent major workability problems, to allow for synergies with the reviews of the classification in the context of the REACH phase-in registrations and so as to align with the pace of implementation of GHS in other parts of the world in order not to forego part of the trade benefits.

The impact assessment supports setting the transition period for substances to coincide with the deadline for the REACH classification and labelling inventory. A shorter transition period would be difficult to implement in practice and might create the need to re-label a significant amount of existing stocks. A longer transition period would also cause problems to mixture manufacturers wishing to apply the GHS early.

For the subsequent phase of the transition period for mixtures, the assessment supports a length of 4½ years. It is clear that seemingly moderate extensions of the mixture transition period beyond that time run counter to the ever increasing burden of managing simultaneously two classification systems, thereby overshadowing the relief to mixture suppliers operating in long supply chains, among which many SMEs, to better accommodate the required changes and spread out the costs. A shorter period would mean that fewer mixture suppliers could profit from the substance and upstream mixture GHS classifications arriving through the supply chain. The preference for 4½ years has also been informed by the responses to the Public Stakeholder Consultation largely in favour of medium length transition periods.