Consequences of EU REACH Authorisation of Lead

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International Lead Association

Pb 2023 JUNE 21-23

WHAT IS REACH AUTHORISATION?

EU regulatory process designed to "***progressively replace Substances of Very High Concern" (SVHCs) by suitable alternative substances or technologies <u>where economically and technically viable</u>***"

Inclusion of a substance in **REACH Annex XIV** means that:

- A **transition period** will apply
- Companies need to **apply to the European Commission** and be granted permission to continue use
  - **No suitable alternative** substance or technology available, *and*
  - **Research and development** plan in place to identify suitable alternative, *and*
  - Positive **socio-economic cost-benefit**
- Authorisation is **time-limited**: companies need to reapply
- Articles made **outside the EU** can still be imported, unless restricted

Authorisation listing applies **regulatory pressure** on continued use of a substance. It **increases uncertainty** and risk for downstream users

- Designed to **stimulate substitution and innovation**: identify alternative substances in processes or use an alternative technology that does not contain the SVHC

REGULATORY PROCESS – AND STATUS OF LEAD

Step 1
Substances of very high concern (SVHC)

- Registry of SVHC intentions until outcome
- Preparing the SVHC dossier
- Public consultation
- Adding substances to the Candidate List

Step 2
Recommendation for inclusion in the Authorisation List

- Prioritisation
- Draft recommendation
- Consultation
- ECHA MSC opinion
- ECHA Recommendation for inclusion in the Authorisation List

Pb metal & 11 Pb compounds now at same point in REACH Authorisation process

Step 3
Inclusion in REACH Annex XIV

- Commission draft regulation
- Interservice consultation
- REACH Committee vote
- Scrutiny by European Parliament and Council
- Regulation amending Annex XIV published

Step 4
Application for Authorisation

- Application for Authorisation
- Public consultation
- RAC and SEAC opinions
- Commission decision (REACH Committee vote)
- Implementation
- Review report, if wishing to renew Authorisation

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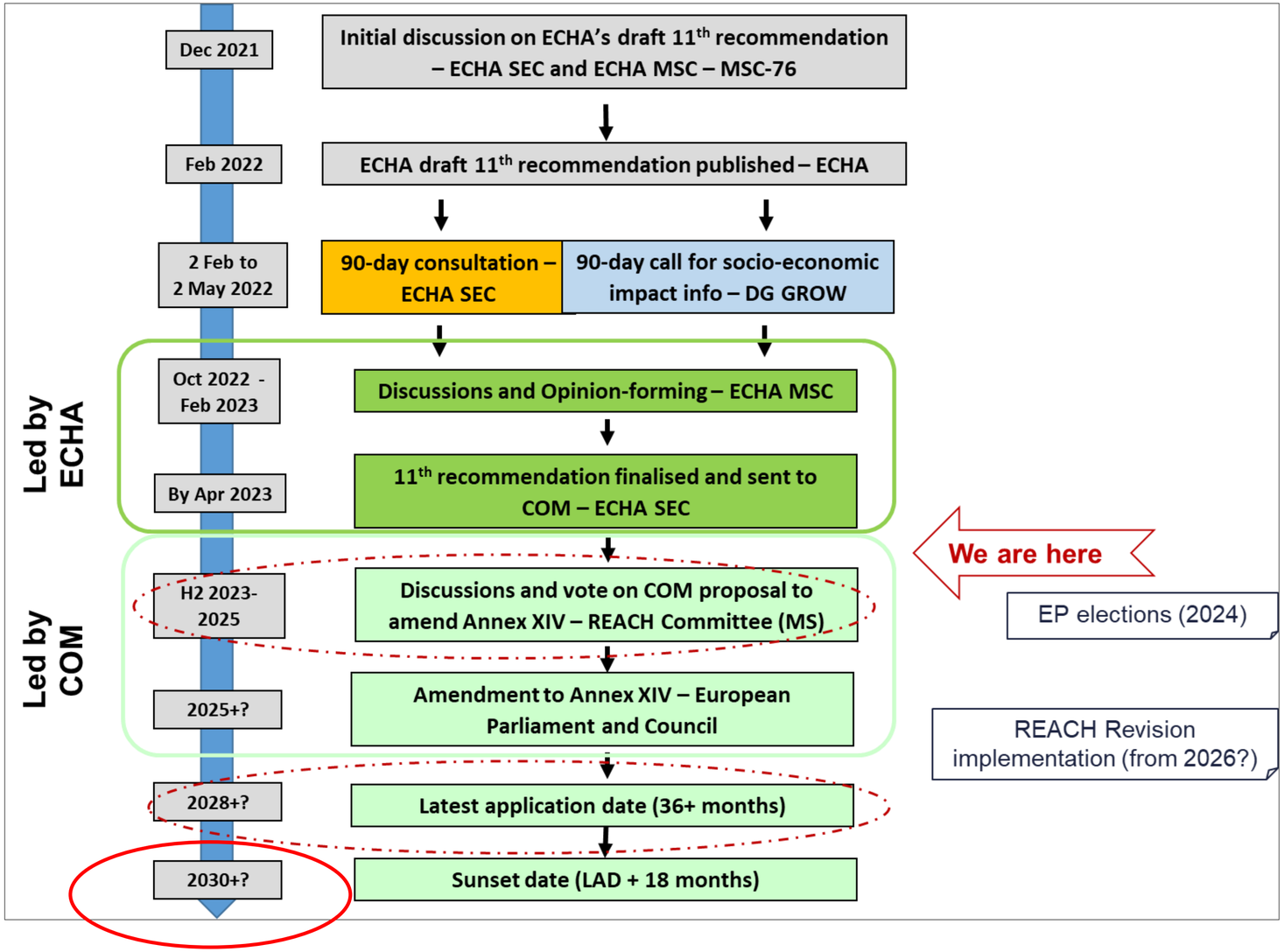
POTENTIAL TIMELINE FOR LEAD – AND THE BIGGER PICTURE

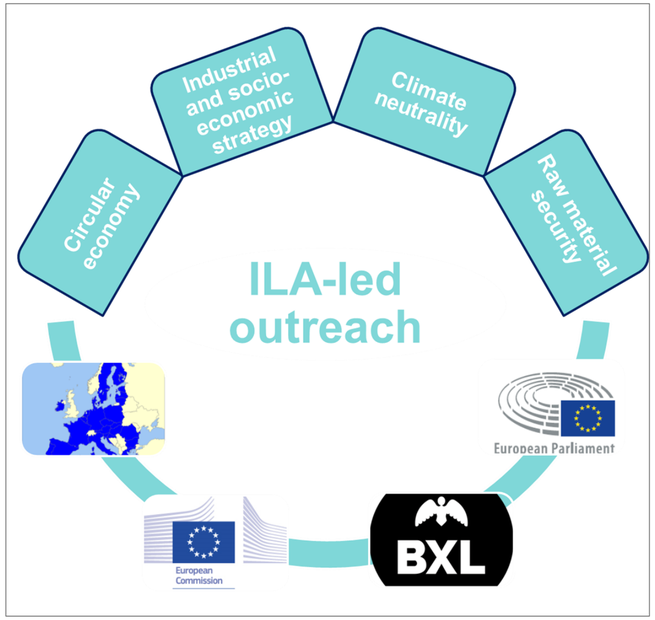
- ECHA Recommendation issued to European Commission April 2023
- REACH Revision tabled 2H 2023
- European Parliament elections 1H 2024
- Influence of geopolitical events
- Supply chain security
- Raw materials supply and demand



INDUSTRY'S RESPONSE TO THE CHALLENGE

Aim: Lead metal is **not included in REACH Annex XIV**

- Adoption of alternative risk management measures that **do not negatively impact battery and other critical uses**, ensuring policymakers:
  - Recognise the **societal and economic benefits** of a **strategically autonomous, key raw material**
  - Work with Industry to identify and use **more effective and proportionate measures**
  - Appreciate the **unprecedented number of Applications** for Authorisation that would be submitted



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STATEMENT FOLLOWING ECHA 11TH RECOMMENDATION

Progressing the European Chemicals Agency's (ECHA) recommendation to include lead metal in the REACH Authorisation List would have severe consequences for a broad range of strategically important European industries and applications – including non-ferrous metals manufacturing, lead battery production, automotive, machinery and mechanical engineering industries, the marine sector, aeronautics, space, and defence, healthcare, clean energy – including solar, nuclear and offshore wind – the use of lead in the shielding of ionising radiation, to protect workers, patients, and members of the public, as an alloying agent, and many more for which lead is an essential raw material that does not have any technical or socio-economically viable alternatives.

In many economically and socially important applications the use of lead is not only unavoidable it is essential and extensively regulated. Many products and applications that rely on lead underpin the EU's policy objectives for the twin transitions and for a strategically autonomous, sustainable future.

Lead is a raw material that plays a key role in transportation, electrification, technological diversity, green energy and supply chain security, and to achieving recycling targets. In being sourced predominantly from the recycling of EU waste products it is strategically autonomous and reduces the need to seek critical raw materials from other regions, virtually eliminating any supply chain risks. Lead metallurgy is key to urban mining and the Circular Economy philosophy, and the EU's lead production and recycling technology is world leading. In short, lead plays a significant role in the EU industrial economy.

A move to include lead in the REACH Authorisation List will have the very real effect of stifling innovation and withdrawing investment from those critical EU Industries that still rely on its use.

And for what benefit? Tha EU already has a comprehensive framework of lead-specific legislation designed to manage risk to human health and the environment. ECHA itself has acknowledged that the minimum requirements to protect worker health appear to be set via the binding limit values for lead, with more stringent values already anticipated under the Carcinogens, Mutagens and Reprotoxic Substances Directive. Moreover, a broad range of product and end-of-life restrictions already strictly regulates the use of lead in automotive vehicles, electronics, consumer goods, and more – uses which represent 90+% of the volume of lead used in the EU.[1] And data shows that the majority of industrial emissions of lead now result from activities which are NOT in scope of REACH Authorisation.[2]

REACH Authorisation Listing for lead will simply add unnecessary bureaucratic burden, block investment and is not the best option to improve risk management, stimulate faster substitution, or reduce exposure. It would do little more than create uncertainty which undermines the financial viability of successful European companies. It effectively reduces the productivity and competitiveness of successful EU value chains, potentially opening the door to non-EU competitors that will continue to use lead to manufacture products that still have a societal need.

[1] International Lead Association, First Uses of Lead Metal in the EU.
[2] Arche Consulting Ltd, Pb Emission Inventory for the Environment.

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And there are equally unpalatable consequences for the regulator. The complexity of existing value chains means that inclusion of lead metal in REACH Annex XIV would result in an unprecedented number – many thousands – of Applications for Authorisation which would swamp ECHA and its committees, and the Commission's own REACH Committee and its decision-making process.

Industry and regulators makes no sense, especially considering the ongoing review of the REACH regulation that is designed to make it more efficient.

We therefore urge the Commission to reject ECHA's recommendation, support EU businesses and continue discussions on what could be a more effective and proportionate risk management measure to address any residual concerns with lead exposures.

Statement issued on behalf of the International Lead Association and the REACH Consortium, representing companies in the lead and lead value chain.

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INCREASING THE REACH

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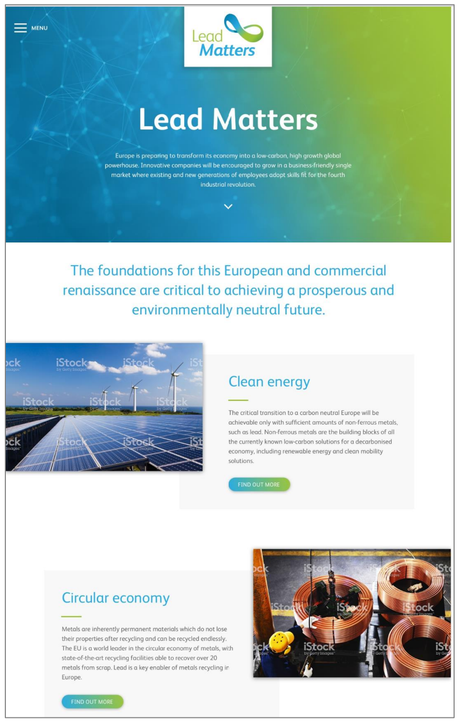
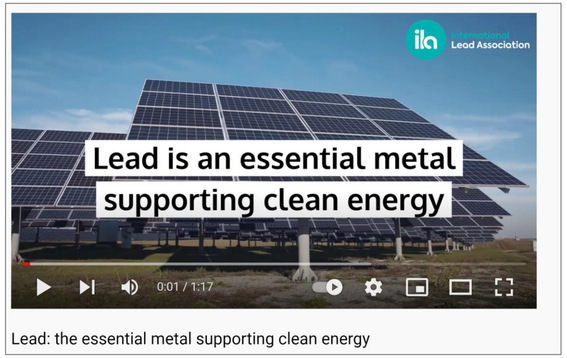
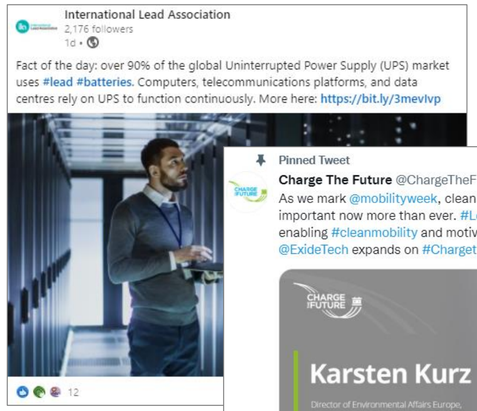
Lead Matters

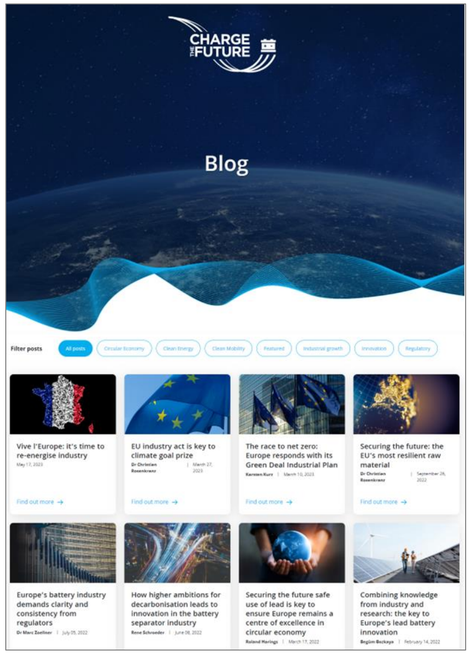
CHARGE THE FUTURE

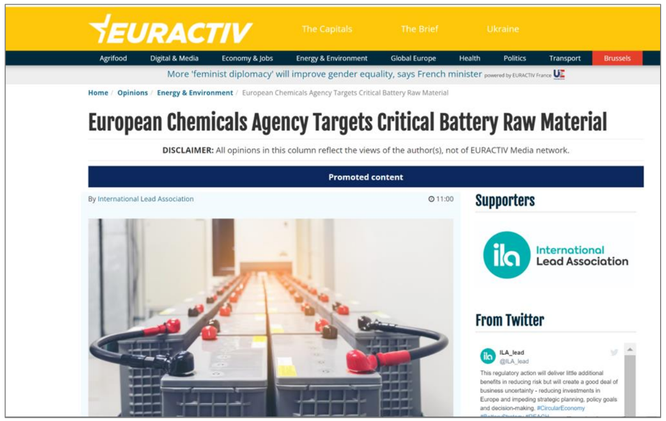




Lead: the essential metal supporting clean energy







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WHAT'S THE OUTLOOK?

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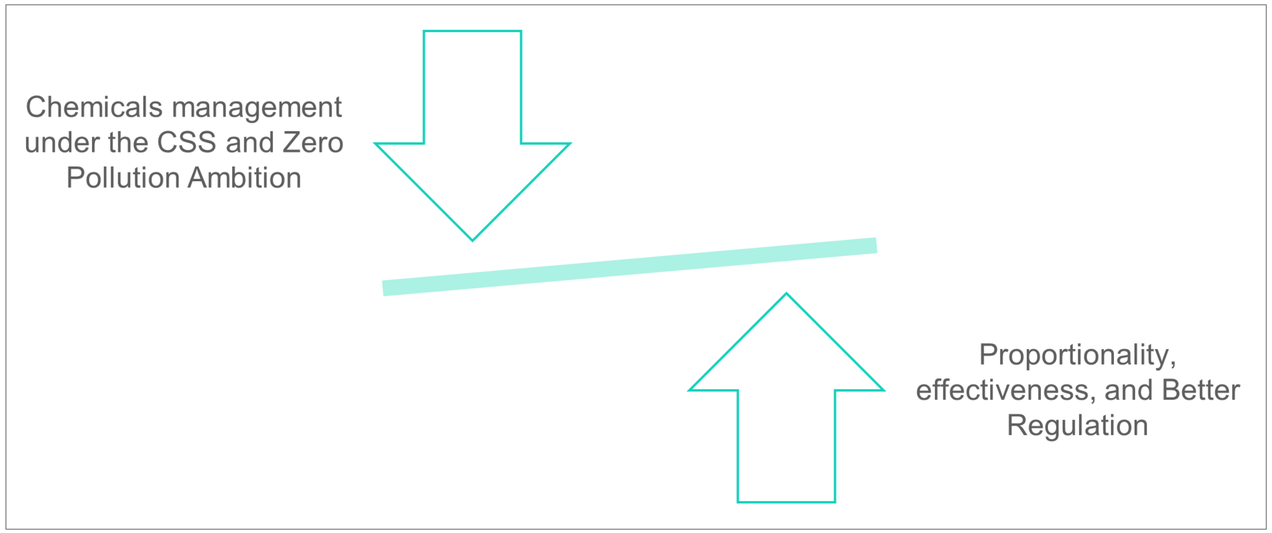
- Reassurance – ***for now*** – but no certainty
  - Once recommended, always eligible

- Under constant review
  - Political climate post-election
  - Changes via REACH Revision
  - Member State and Commission activity

➢ Maintain watching brief

➢ Continue to educate and inform

➢ Ready to act further where needed



WHY ECHA'S RECOMMENDATION SHOULD BE REJECTED?

We believe the Commission should reject ECHA's recommendation to include lead metal in the REACH Authorisation List because it would:

1. ***Hamper the EU's ability to achieve key policy objectives, including climate change goals as well as supporting strategically autonomous and essential industrial infrastructure***
2. *Reduce Europe's resilience to geopolitical events by increasing its reliance on Third Countries with lower environmental and social standards*
3. ***Threaten skilled jobs and future growth opportunities across multiple Member States***
4. *Lack proportionality given the existing framework of legislation and ongoing reviews*
5. ***Result in thousands of Applications for Authorisation without benefit to human health***
6. *Stifle innovation and long-term investment in the EU, even in applications with good growth potential*

Thank You!

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