Implementation of REACH – Perspectives from General Motors

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ACTION AND REACTION
Developing a sustainable approach to emerging chemical issues

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Overview

- Agenda
  - Background on REACH
  - The Challenge for a global manufacturer
  - Auto industry approach
  - Final thoughts
Background on REACH

  - Applies to all EU manufacturers, importers or downstream users of substances (chemicals), preparations (mixtures) or parts/articles
  - First major requirement – Pre-Registration – June –December 2008

- Discussions on REACH began in 2000 with the focus on chemicals; requirements for articles/parts did not surface until late 2005

- Interpretive guidance – REACH Implementation Projects (RIPs) – still evolving
Background on REACH, cont.

- Major requirements
  - Registration (Title II)
  - Evaluation (Title VI)
  - Authorization (Title VII)
  - Restrictions (Title VIII)
  - Data Sharing (Title III)
  - Information in the Supply Chain (Title IV)
  - Downstream Users (Title V)
  - European Chemicals Agency (Title X)
  - Classification & Labeling (Title XI)
Pre-Registration/ Registration

- Pre-registration (and registration) is substance specific for anything manufactured or imported at > 1 tonne/yr
- Appropriate for substances “intentionally released” from articles for manufacturers/importers
- Appropriate for preparations (mixtures) that are imported on their own or contained in articles
- Pre-registration is done by the Legal Entity in the EU responsible for the manufacture or import of materials
  - Each legal entity in a company must pre-register separately
  - EU “Only representative” can be established for non-EU companies
  - Third party representative may be used by any manufacturer
- No charge for pre-registration – may opt out if status changes
Pre-Registration / Registration

- Data Requirements for pre-registration
  - Name of substance, plus EINECS/ELINCS, CAS numbers
  - Identification of registrant
  - Registration deadline (tonnage band)

- Registration process will begin in 2009 with extensive requirements for submission of health, environmental and usage data
Pre-Registration

- Pre-registration is critical for all manufacturers/ importers – June – Dec 2008
  - Gives you phase-in (existing chemicals) status
    - Don’t have to go through the registration process for 3.5-11 years, depending on tonnage of manufactured or imported materials
    - Allows you to be part of Substance Information Exchange Forum (SIEF), which will be helpful during registration and possibly authorization
  - If don’t pre-register, have to start registration in 12 months after June 2008

- No data, no market
Substances of Very High Concern (SVHC)

- SVHCs are defined as
  - Carcinogens, mutagens and reproductive hazards, group 1 and 2, or
  - Persistent, bioaccumulative and toxic (PBT) or very persistent and bioaccumulative (vPvB), or
  - Have endocrine disruptive properties, or
  - Of equivalent level of concern

- No official SVHC list yet published
  - will be 1500-3000 chemicals

- Article producers/manufacturers must notify the EU if products contain SVHCs > 0.1% and >1tonne/yr by June 2011

- EU will identify ~25 candidate substances per year as SVHCs; these will then require authorization; will essentially be blacklisted
The Challenge for a Global Manufacturer

- Historically, no requirements for chemical data on parts
  - Auto industry ahead of most other manufacturing sectors due to End-of-Life Vehicle (ELV) Directive

- GM is currently specifying materials and parts for 2011 products
  - Won’t know which SVHCs to focus on until 2009 when EU publishes first candidate substances

- Complexity of our global supply chain
  - Thousands of purchased parts imported into the EU from all global regions
  - 21 manufacturing sites in EU; 181 manufacturing sites globally
  - Significant movement of materials from plant to plant, across regions
  - Approximately 3000 parts in a vehicle
Recent Chemical Supply Disruption Example

- Supplier of a productive sealer notified GM that they would no longer be able to import the product into our Canadian assembly plants
  - Contained a Non-Domestic Substances (NDSL) material - the max allowed for import would be triggered within a month
  - Supplier had not disclosed presence of NDSL substance on MSDS, in spite of “100% disclosure” document
  - Unknown to GM, supplier had requested permission to import above the max, but was rejected by Environment Canada
  - Supplier refused to disclose to GM what the substance was
  - Supplier tried to make GM the importer of record, which would have made GM liable, without our full knowledge of the situation
Challenges (continued)

- Primary REACH impacts to product manufacturers are not in the EU- EU chemical and material suppliers are knowledgeable of REACH requirements
- GM is responsible to make sure that parts imported into the EU comply with REACH requirements
  - How do you educate suppliers around the world in time to meet the Pre-registration requirements?
  - How do you require a supplier outside of the EU to provide you with the required chemical data through the supply chain?
  - How do you verify accuracy of the information?
- Currently unknown how the EU will handle compliance
Auto Sector Approach

- The European, Japanese, Korean Auto Manufacturers Association (ACEA/JAMA/KAMA), and the U.S. Automotive Industry Action Group (AIAG) are working together
  - Automotive Industry Guideline on REACH Implementation - posted on ACEA Website
  - Goal is for all communications and requirements to suppliers to be common
Final Thoughts

- REACH is just the beginning of chemical regulations focused on manufactured products
  - Lead time is critical
  - Affected manufacturing sectors need to come together early
  - REACH is a data collection and management challenge
    - For all suppliers and their supply chains, especially outside of the EU, that have parts imported into the EU (and may not even realize it!)
    - For any global manufacturer with complex, multi-tiered supply chains
Final Thoughts (continued)

- REACH is now in the tactical implementation stage
- Industry, along with government, and other stakeholders need to look strategically at what’s ahead
  - Is requiring the world to collect chemical data on articles being imported into the EU by EU legal entities, the best process for reducing health and environmental impacts of chemicals?
  - Can we suggest a different approach/ process to reach the intended objective in order to be more strategic?
  - Where is the U.S. forum for this to occur?